THE EFFECT OF COMPANY'S GROWTH, LEVERAGE RATIO, CASH FLOW RATIO, AND DEBT DEFAULT ON THE GOING CONCERN AUDIT OPINION IN MANUFACTURING COMPANIES LISTED ON INDONESIA STOCK EXCHANGE PERIOD 2012-2016

UNDERGRADUATE THESIS

This undergraduate thesis is submitted in partial fulfillment of the requirements to obtain the degree of *Sarjana Ekonomi* in Faculty of Economics Yogyakarta State University

By:
INGGIT HANGGARTANIA FATIMAH
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ACCOUNTING STUDY PROGRAM
ACCOUNTING EDUCATION DEPARTMENT
FACULTY OF ECONOMICS
YOGYAKARTA STATE UNIVERSITY

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Hereby I declare that this undergraduate thesis is my own original work. According to my knowledge, there is no work or opinion written or published by others, except as reference or citation by following the prevalent procedure of scientific writing.

Yogyakarta, Mei 17th 2018

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MOTTO AND DEDICATION

MOTTO

“And seek help through patience and prayer, and indeed, it is difficult except for humbly submissive [to Allah].” (QS. Al-Baqarah [2]: 45)

“He is with you, wherever you may be; and Allah is seeing your deeds.” (QS. Al-Hadid [57]: 4)

“And remember the name of your Lord and devote yourself to Him with [complete] devotion.” (QS. Al-Muzzammil [73]: 8)

“When you feel like giving up, look back at how far you have come. Be strong and never stop going.”

DEDICATION

Bismillahirrahmanirrahim,from the deepest of my heart, I dedicate this undergraduate thesis to:

1. My beloved parents, Mama (Alm), Bapak, and Bunda.
2. My beloved brother, Bayu Aditya Rachman and Mochamad Faris Wahyu Djati.

PENGARUH PERTUMBUHAN PERUSAHAAN, RASIO LEVERAGE, *RASIO ARUS KAS, DAN* DEBT DEFAULT *TERHADAP OPINI AUDIT* GOING CONCERN *PADA PERUSAHAAN MANUFAKTUR YANG TERDAFTAR DI BURSA EFEK INDONESIA PERIODE 2012-2016*

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ABSTRAK

Penelitian ini bertujuan untuk mengetahui pengaruh Pertumbuhan Perusahaan, Rasio Leverage*, Rasio Arus Kas, dan Debt Default terhadap Opini Audit* Going Concern*.*

Penelitian ini termasuk penelitian hubungan kausal.Populasi dalam penelitian ini adalah perusahaan manufaktur yang terdaftar di BEI periode 2012-2016.Pemilihan sampel menggunakan metode purposive sampling*. Terdapat 22 perusahaan yang memenuhi kriteria sepeerti, terdaftar pada BEI periode 2012-2016, tidak di delisting, menerbitkan laporan keuangan auditan, memiliki laba bersih setelah pajak negatif minimal tiga tahun berturut-turut, dan memiliki data yang lengkap. Data yang digunakan adalah data sekunder dan teknik analisis data menggunakan statistik deskriptif dan regresi logistik.*

Hasil penelitian ini menunjukkan bahwa Pertumbuhan Perusahaan, Rasio Leverage*, Rasio Arus Kas, dan* Debt Default *berpengaruh terhadap Opini Audit* Going Concern*. Dibuktikan dengan* Chi-Square*=89,435,* df*=4, dan Signifikansi=0,000. Persamaan regresi Y=-5,831+0,188X1+4,130X2–0,790X3 + 3,869X4. Diketahui bahwa Rasio* Leverage *dan* Debt Default *berkolerasi secara signifikan (Rasio* Leverage*=0,002,* Debt Default*=0,000), sedangkan Pertumbuhan Perusahaan dan Rasio Arus Kas tidak berkolerasi secara signifikan (Pertumbuhan Perusahaan=0,687, Rasio Arus Kas=0,345). Yang berarti Rasio* Leverage *dan* Debt Default *berpengaruh terhadap Opini Audit* Going Concern*, sedangkan Pertumbuhan Perusahaan dan Rasio Arus Kas tidak berpengaruh terhadap Opini Audit* Going Concern*.*

Kata Kunci *: Opini Audit* Going Concern*, Pertumbuhan Perusahaan, Rasio* Leverage*, Rasio Arus Kas,* Debt Default

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ABSTRACT

This study aimed to analyze the effect of Company's Growth, Leverage Ratio, Cash Flow Ratio, and Debt Default on the Going Concern Audit Opinion.

This study was a causal research. The population of this research was manufacturing companies listed on Indonesia Stock Exchange period 2012-2016. The sample is selected by using purposive sampling method. 22 Companies were defined based on criteria, such as listed on IDX period 2012-2016, not delisting from IDX, published the audited financial statements, minimum had a negative net profit after tax for three years and had complete information of financial reporting. The data used are secondary data and data analysis techniques using descriptive statistics and logistic regression.

The result of this study showed that Company's Growth, Leverage Ratio, Cash Flow Ratio, and Debt Default affect on the Going Concern Audit Opinion. It is prove by Chi-Square=89.435, df=4, and the significance=0.000. The regression equation Y = -5.831 + 0.188X1 + 4.130X2 – 0.790X3 + 3.869X4. The regression coefficients of Leverage Ratio and Debt Default are correlated significantly (Leverage Ratio=0.002, Debt Default=0.000), while Company's Growth and Debt Default are not significantly correlated (Company's Growth=0.687, Cash Flow Ratio=0.345). It means Leverage Ratio and Debt Default affect the Going Concern Audit Opinion, while Company's Growth and Cash Flow Ratio does not affect the Going Concern Audit Opinion.

Keywords : Going Concern Audit Opinion, Company's Growth, Leverage Ratio, Cash Flow Ratio, Debt Default

FOREWORD

First of all, I would like to thank Allah SWT the Almighty for all the blesses, mercy, and guidance, this Undergraduate Thesis entitled "The Effect of Company's Growth, Leverage Ratio, Cash Flow Ratio, and Debt Default on the Going Concern Audit Opinion in Manufacturing Companies Listed on Indonesia Stock Exchange Period 2012-2016" can be finished. I would like to thank you to all of those who have given support and guidance so this undergraduate thesis can be finished. I would like to express my deepest gratitude to the following:

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2. Dr. Sugiharsono, M.Si., Dean of Faculty of Economics Yogyakarta State University.
3. Rr. Indah Mustikawati, M.Si., Ak., C.A., Head of Accounting Education Department, faculty of Economics, Yogyakarta State University.
4. Dr. Denies Priantinah, S.E., M.Si., Ak., C.A., Head of Accounting Study program, Faculty of Economics, Yogyakarta State University.
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6. Indarto Waluyo, S.E., M.Acc., CPA., Ak., my examiner who had been pleased to take the time to give advice and correction so this undergraduate thesis could be completed.
7. All lecturers from the Faculty of Economics Yogyakarta State University.

8. My friends in Accounting Study Program 2014, especially from International Class 2014.
9. All of friends and parties who have helped the undergraduate thesis that I cannot mention one by one.

Finally, the author say thank you so much and hopefully this undergraduate thesis can be useful for many parties. However, I realize this undergraduate thesis is far from being perfect, so any criticisms, ideas, and suggestion for the improvement of this thesis is greatly appreciated.

Yogyakarta, ...Mei 17th 2018

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CHAPTER I
INTRODUCTION

A. Problem Background

In 2016,United Nations Industrial Development Organization (UNIDO) stated that Indonesia was in the top ten manufacturing industries in the world. The Indonesian manufacturing industry contributes to nearly one-quarter of Indonesia Gross Domestic Product (www.kemenperin.go.id). This condition makes the manufacturing industry as an engine of economic growth in Indonesia and encourages many investors to invest their funds in the industry. Investor funds the companies to receive the benefit in the future (Adhityan, 2017: 2). Although the manufacturing industry's growth was increasing, it has not been able to ensure business continuity manufacturing company in the future. Therefore, investors should consider it, before making a decision on investment.

To perceive how business continuity of the company, we can see the audit opinion on the financial statements of the company. Audit of financial statements and the audit opinion play an essential role for investors as a material for investment decision-making (Aditya, 2017: 1). SA 570 (2015) confirms that the going concern of the entity must maintain at least twelve months after the balance sheet date. It means that when the company received going concern audit opinion, it indicates there are doubts about the sustainability of their business for the next twelve months.

Not all companies received going concern audit opinion. Only companies that indicate have doubts about remaining the continuity of

business will get it. It means to signal users that the company is in financial distress and may not survive (Nogler, 2006: 47). The phenomenon that occurs in the capital market shows there are some companies received going concern audit opinion. In 2012 to 2016 showed the manufacturing company that receiving going concern audit opinion is eight or nine companies every year. Although those companies do not reach 10% of all manufacturing companies, however, it indicates there are companies still have doubted its business sustainability. Even though, manufacturing companies should have the ability to operate and sustain a high effort because it indirectly contributed to the improvement of the Indonesian economy.

Table 1.Manufacturing Companies that Receive Going Concern Audit Opinion Period 2012-2016

	2012	2013	2014	2015	2016
Manufacturing companies that receiving going concern audit opinion.	8	8	8	9	9

Source: Financial Statements

The auditor is an independent party who can assess the reliability of the financial statements of the company (Ruroh, 2016: 1). When the auditor provides a going concern audit opinion, it becomes abad news for companies that receive it. Companies that are not able to maintain the continuity of business will become a bad company. For example, in 2014 PT. Asia Natural Resources Tbk. was delisting from Indonesia Stock Exchange because they do not have business continuity. PT. Asia Natural Resources Tbk. suffered losses of Rp357.33 billion in June 2014. Also, PT. Davomas Abadi Tbk. experienced the same thing in 2015. Since Davomas defaultedon bonds with the total amount US $238 million in 2009, the value of company's investment

continued to decrease. Related to this case, Indonesia Stock Exchange did stock removal process of the two companies because they did not have business continuity in the future.

The financial condition of the company can represent the company's ability to survive in a certain period (Pradika, 2017: 3). Companies that have positive's financial growth from year to year will able to continue their business in the future. If the company has negative growth, it indicates the operation is not great and doubted to continue the business in the future. In general, companies that have the rapid growth will obtain and lead the competition, get the benefit from the increased sales and market significantly (Kusumajaya, 2011: 22). It is good news regarding a company's business continuity, thus encouraging investors to invest in the company. The information of sales that generated by the company can use to compare the financial performance of a company between the year and describe its growth. The sale is the best measure of the company's total business volume. An increase of 1% return on sales will increase the growth rate by 1% (Hermelo, 2007: 9). Sales are the main operating activities of the company. Companies with a high level of sales have financial funds more available from retained earnings and also from external financing to encourage new projects, promote new markets, and investing in new technologies, to achieve a growth rate higher (Hermelo, 2007: 10). Therefore, the companies with high sales growth resulted become a good company.

The financial ratios can show the financial condition of the company. It is a tool to analyze the performance of a company (Febriani, 2017: 40). One of the financial ratios is leverage ratio. This ratio describes the ratio between total debts to total assets of the company. If the total debt is more than the total assets, it will lead to a deficiency of equity (negative equity). Companies that have negative equity feared to be in danger of bankruptcy and unable to sustain its business. Companies with a highly mechanized manufacturing process should fund its machines with equity rather than debt to moderate total leverage (Palmer & Sanders, 2008: 26). However, research by Widyastuti (2016: 63) explains that high leverage ratio would indicate a good performance of the company because the creditors are willing to give bigger credit to the company. With the loan from creditors, the company has more funds to operate its business.

The cash flow ratio can measure the going concern of business. In the Pernyataan Standar Akuntansi Keuangan (PSAK, 2009: No. 2) stated that the information about a company's cash flow is useful to users of financial statements as an adequate basis for assessing the company's ability to generate cash and cash equivalents and assess the needs of the company to use the cash flow. This ratio compares the total cash operating activities to total current liabilities of the company. If the cash flow generated higher during the year, it more likely the company could pay its current debt, so the company's ability to sustain life is also getting bigger.

Furthermore, the failure of the company in fulfilling its debt obligation after the due date (debt default) will also threaten the company's ability to sustain its business in the future. Researches by Chen & Chruch (1992) and Mutchler et al. (1997) found evidence of going concern audit opinion decisionbefore the bankruptcy significantly correlated with the probability of bankruptcy as thedefault. Praptitorini & Januarti (2011) found a strong correlation between defaultstatus and going concern audit opinion. The prior research stated that the difficulty in obeying the debt agreement, the facts of negligent payment, or violations of agreements explain the going concern issue of a company. Companies that have debt defaultusually do a debt restructuring with creditors to obtain a lighter requirement to repay the debts.

In the prior research, there are research gaps or differences in analyzing the factors that affect the going concern audit opinion. The prior research conducted by Rahman & Siregar (2013), Arma (2013), and Nursasi & Maria (2015) shows that companies with increasing growth will not receiving a going concern audit opinion. In the other side, Rudyawan & Badera (2009), Rahayu & Pratama (2011), and Putri (2013) stated that the negative growth of the company does not affect the probability of getting going concern auditopinion.

Based on the background of the problem, the conclusion that the factors affecting the going concern audit opinion on a company are still an interesting discussion to be analyzed further. Therefore, the authors are motivated to do further research on “The Effects of Company’s Growth, Leverage Ratio, Cash

Flow Ratio, and Debt Default on the Going Concern Audit Opinion in Manufacturing Companies Listed on Indonesia Stock Exchange Period 2012-2016."

B. Problem Identification

Based on the problem background, there are some problem identifications as follows:

1. The business sustainability of the company is not only seen on the losses suffered by the company, so when the company suffered losses does not directly guarantee the company will receive going concern audit opinion.
2. The phenomenon that occurs in the capital market shows that some manufacturing companies that *go public* receiving going concern audit opinion even though the sector is making progress.
3. When the company has declined in sales growth, it will indicate poor operational activities. It can have an impact on the high risk of the company in a going concern in the future and therefore increasing the probability of receiving going concern audit opinion.
4. Companies with high leverageindicate that companies rely on external parties especially on the creditor, so the continuity of business is more feared. On the other hand, with debts of creditors, the company has more funds to operate its business.
5. The usage of company's cash flow is to pay their debts. If the company's cash is not sufficient, it will disrupt the survival of the company and increase the probability of receiving going concern audit opinion.

6. When a company on the debt default status which indicated by the debt restructuring agreement, thecompanies considered having a bad performance and not being able to continue in the future. Even though, it is an improvement for the company to be able to remain a goingconcern.
7. Studies about going concern that has done by the previous researchers made the research gap both the result and the variable, it is considered still to be studied further.

C. Restriction Problem

Based on the research background and problem identification found that there are many factors on the sustainability of the company's business in terms of giving going concern audit opinion. To make this research focus and reduce bias or expansion of study, the researcher needs to limit the issue. This research is limited on the suspected factors that affect the Going Concern Audit Opinion (Y) namely, Company's Growth (X_1), Leverage Ratio (X_2),Cash Flow Ratio (X_3), and Debt Default (X_4). The object of this study is limited to manufacturing companies listed on Indonesia Stock Exchange in the period from 2012 to 2016.

D. Problem Formulation

Based on the restrictions problem, the problems in this research is how does the effect of company's growth, leverage ratio, cash flow ratio, and debt default on the going concern audit opinion?

E. Research Objectives

Based on the problem formulation, the purposes to achieve is to analyze the effect of company's growth, leverage ratio, cash flow ratio, and debt default on the going concern audit opinion.

F. Research Benefits

This research is to provide benefits as follows:

1. Theoretical Benefits

   Provide the real overview of theory and practice about the problem under study. There are company's growth, leverage ratio, cash flow ratio,and debt default, especially about going concern audit opinion of the company.

2. Practical Benefits

   a. For Researcher

      This research can increase knowledge on the issue under study, which is about the effect of company's growth, leverage ratio, cash flow ratio,and debt default on the going concern audit opinion.

   b. For Further Research

      This research may provide a stimulus for other researchers to conduct further research in particular on the company's growth, leverage ratio, cash flow ratio, and dent default on the going concern audit opinion.

c. For Companies

This research may provide can serve as a reference for determining the company's policy and as a material consideration in make a decision by the management company.

d. For Investors

The results of this study can have a beneficial as additional information or consideration for investors in the decision to invest their funds.

CHAPTER II
LITERATURE REVIEW

A. Theoretical Review

1. Going Concern Audit Opinion

   a. Audit Opinion

      1) Definition of Audit Opinion

         Based on Kamus Standar Akuntansi (Ardiyos, 2010: 81), audit opinion is a report that given by a registered public accountant because of its assessment of the fairness of the company's financial statement. According to Agoes (2012: 74), audit opinion is the opinion given by the auditor about the fairness of the financial statements of the institution/company where the auditor did the audit. Arens et al. (2012: 46), states that the audit report is the final step of the entire audit process.

         Based on the definitions, the conclusion is the audit opinion is the statement of the auditor to the fairness of the financial statements of the audited entity under the applicable norms or rules. This fairness is about materiality, financial position, and cash flow.

      2) Types of Audit Opinion

         Opinion issued by the auditor there are five types (Statement on Auditing Standards No. 29) as follows:

a) Unqualified Opinion

The auditor states that the financial statements present all material respects reasonably under generally accepted accounting principles in Indonesia. The audit report with an unqualified opinion issued by the auditor if the following conditions are:

(1) All the balance sheet, income statement, statement of changes in equity and cash flow statement included in the financial statements.

(2) The auditor can fulfil all common standards in the execution of the engagement.

(3) The auditor can collect the sufficient evidence and has conducted engagements in such a manner so enable to fulfil three standards job report.

(4) The financial statements based on Generally Accepted Accounting Principles in Indonesia.

(5) No state requires the auditor to add an explanatory paragraph or modification of the words in the audit report.

b) Unqualified Opinion with Explanatory Language

In certain circumstances, the auditor will add an explanatory language in the audit report, although it does not affect an unqualified opinion on the audited statements. This paragraph included after the audit opinion paragraph. The

primary situation causes of adding this paragraph or modification of words in the standard audit report are:

(1) The audit reports of the other independent bases the opinion of the auditor.

(2) To prevent the financial statements are not misleading because the circumstances are exceptional, the financial statements presented to deviate from an accounting principle issued by the Indonesian Institute of Accountants.

(3) If there are conditions and events that all lead auditor confident about their doubts about the viability of the entity, but after consideration of the management plan, the auditor concludes that the execution of the management plans can be efficient and the disclosure sufficient.

(4) Among the accounting period, there is a material change in the use of accounting principles or the method of application.

(5) Certain conditions relating to the auditor's report on comparative financial statements.

(6) Specific quarterly financial data required by Bapepam and financial institute, but not served.

(7) Removal of additional information required by the Ikatan Akuntansi Indonesia – Dewan Standar Akuntansi Keuangan, the presentation stray far from the guidelines

issued by the board. The auditor is unable to complete the audit procedures relating to such information, or the auditor is unable to remove any significant doubt if additional information is compatible with the guidelines issued by the board.

(8) Additional information in a document containing audited financial statements is materially inconsistent with the information presented in the financial statements.

c) QualifiedOpinion

The auditor gives a qualified opinion if the auditee presents their financial statements present, in all material respects by generally accepted accounting principles in Indonesia, except for the effects of certain things. A qualified opinion expressed in the state:

(1) The auditor has no competent enough or restrictions on the scope of the audit.

(2) The auditor believes that the auditee’s financial statements are deviations from generally accepted accounting principles in Indonesia, which have a material impact, and he concluded not to express an adverse opinion.

d) Adverse Opinion

Auditor expresses this opinion if auditee's financial statements do not present fairly the financial statements under

generally accepted accounting principles, so they do not show the financial position correctly, results of operations, changes in equity, and cash flows of the client company. The auditor would give an adverse opinion if he had no restricted the scope of the audit so that he can collect sufficient competent evidence to support his opinion. If the financial statements are not reasonable, the information presented by the client in the financial statements cannot be trusted, and so cannot be used by users of financial information for decision-making.

e) Disclaimer of Opinion

The auditor expresses disclaimer of opinion if he does not perform an audit which has scope sufficient to enable the auditor gives an opinion on the financial statements. The auditor gave this opinion when he was not in an independent with the client. Conditions that cause the auditor express disclaimer of opinion are:

(1) There are has a restriction of the scope of the audit.

(2) The auditor is not independents to the client.

b. Going Concern

1) Definition of Going Concern

Going concernis the ability of the business unit on the continuity to survive during a period that does not deserve more than a year since the financial report published (IAPI, 2011).

According to Ardiyos (2010: 467), going concern is the assumption that a company will long enough use an asset and generate profits from the asset unless there is evidence that contradicts. According to Belkaoui (2006: 213), going concernis a postulate stating thatthe entity will effort to continue theiroperations for an indefinite period to realize its projects, commitments, and on the going activities, as well as its activities, are notstop.

Based on the definitions, the conclusion is with the going concern assumption, the entity is considered to be able tomaintain its business activities inlong-term, will not experience liquidationfor a short period.

2) The Business Continuity's Doubts

Based on the SA Section 341 described the conditions or events that indicate there are significant doubt about the entity's ability to maintain its viability within a period not exceeding one year from the date of the financial statements being audited (IAI, 2001):

a) The trend is negative, such as recurring operating losses, working capital deficiencies, negative cash flow from operating activities, and adverse key financial ratios.

b) Other indications of possible financial difficulties, such as:

(1) a failure to fulfil its debt obligations or similar agreement,

(2) arrears in dividends,

(3) denial of usual trade credit from the supplier for the filing of the purchase request ordinary credit,

(4) restructuring of debt,

(5) need to seek new sources or methods of financing,

(6) dispose of substantial assets.

c) Internal matters, such as work stoppages or other labour difficulties, substantial dependence on the success of a particular project, uneconomic long-term commitments, and the need to revise operations significantly.

d) External matters, such as:

(1) a lawsuit on the court,

(2) the release of the legislation that might jeopardize the entity's ability to operate,

(3) loss of a key franchise,

(4) license or patent,

(5) loss of a principal customer or supplier,

(6) uninsured or underinsured catastrophes such as a drought, earthquake, or flood.

Also, according to Chen and Church (1992) criteria of the company in difficult are as follows:

a) Negative equity

b) Negative cash flow

c) Negative operating income

d) Negative working capital

e) Negative net income

f) Negative retained earnings

c. Going Concern Audit Opinion

In the SPAP (2011), going concern audit opinion is an audit opinion that issued by the auditor because there is doubt about the entity's ability to maintain its viability. Although the purpose of the audit is not to evaluate the financial health of a business, the auditor has responsibilities based on audit standards to assess whether or not the company tends to continue as a going concern (Arens et al., 2012: 52).

2. Company's Growth

a. Definition of Company's Growth

The meaning of growth according to Fahmi (2014: 82) is as follows:

> "The ratio of growth is the ratio that measures how much a company's ability to maintain its position in the industry and the general economic development. Sales can see the ratio of growth, earnings after tax (EAT), earnings per share, dividend per share and the market price per share."

The definition of growth in Kasmir (2012: 107) is as follows:

> "The growth ratiois a ratio that illustrates the company's ability maintains its economic position in the middle of the growth of the economy and the business sector."

The definition ofgrowth by Sofyan (2013: 309) is as follows:

> "The ratio of growth represents the percentage growth posts company from year to year. This ratio is composed of an increase

in sales, increase in net profit, earnings per share, and an increase in dividend per share."

Based on some definition above, the conclusion is the company's growth rate is a ratio that illustrates the company's ability to maintain its economic position from year to year.

b. Company's Growth Factors

The company's growth is influenced by several factors basically, namely:

1) External Growth

When the external condition is positive, it will increase the chances of the company to continue growing over time.

2) Internal Growth

Internal growthis concerned about the productivity of the company. In general, when the productivity of the company is increasing, the company's growth is also expected to increase over time.

3) Growth due to the influence of climate and local business situation

If the infrastructure and business climate support these efforts, so the company's growth will look right from time to time.

c. Models and Measurement of Company's Growth

Models and measurements of company's growth according to Kasmir (2012: 107) are as follows:

1) Sales growth

The sales growth shows the extent to which the company can increase its sales compared to total sales as a whole.

2) Net income growth

Net income growth shows the extent to which a company can improve its ability to obtain a net profit compared to the overall total profit.

3) Earnings per share growth

Earnings per share growth show the extent to which companies can improve their ability to earn income or earnings per share compared with total earnings per share overall.

4) Dividend per share growth

Dividend per share growth indicates the extent to which a company can improve its ability to obtain stock dividend compared with the total dividend per share overall.

From these explanations, the conclusion is each type and measurements of company's growth have a different function. In this study, to calculate the growth of companies using sales growth because sales are the company's main operating activities. The formula is:

Company's Growth = $\frac{\text{Sales}_{t} - \text{Sales}_{t-1}}{\text{Sales}_{t-1}}$

3. Leverage Ratio

a. Definition of Leverage Ratio

According to Martono & Harjito (2008: 295), the meaning of the leverage ratio is as follows:

> "The ratio that refers to the using of assets and resources by companies which are the use of the assets or the fund of the company must take a fixed cost."

According to Kasmir (2012: 130), the definition of the leverage ratio is as follows:

> "The ratio that used to measure a company's ability to pay all its obligations, both long-term and short-term if the company experiences liquidation."

According to Husnan & Pudjiastuti (2004: 70), the definition of the leverage ratio is a ratio that measures how many companies use the debt.

From the definition of the leverage ratio, the conclusion is the leverage ratio is a ratio that describes how many the debt of company finances the company's assets.

b. Types of Leverage Ratio

There are several ratios used to measure the level of leverage of a company. According to Kasmir (2012: 155), the kinds of leverage ratios are:

1) Debt to Asset Ratio (DAR), is the debt ratio that used to measure the comparison between total debt by total assets.

2) Long-term Debt to Equity Ratio (LTDtER) is a ratio that used to measure the comparison between total long-term debt to equity.
3) Times Interest Earned Ratiois the ratio of earnings before interest and taxes with interest expense.
4) Debt to Equity Ratio is the ratio of debt that used to measure the comparison between the total debt and total capital.

From these explanations, the conclusion is each type ratios have different functions. In this study, the ratio that will be used to calculate the leverage ratiois the debt to asset ratio. The formula is:

$$\text{DAR} = \frac{\text{Total Debt}}{\text{Total Assets}} \times 100\%$$

c. The Objectives of Leverage Ratio

According to Kasmir (2012: 154), there are several objectives of using leverage ratio on the company, such as:

1) To determine the position of the company against liabilities to other parties (creditors),
2) To analyze and evaluate the company's ability to fulfil the liability permanently (such as instalment loans including interest),
3) To analyze and evaluate the balance between the value of assets, primarily fixed assets with capital,
4) To analyze and evaluate the extent of the company's assets financed by debt, and
5) To analyze and evaluate how many influences of the company's debt against on the asset's management.

4. Cash Flow Ratio

a. Definition of Cash Flow

According to Harahap (2004: 257), the description of cash flows is as follows:

> "a report that provides relevant information about the cash inflow and cash outflow of a company in a given period by classifying transactions on the following activities: operating, financing, and investment."

According to Supangkat (2003: 33), the definition of cash flows is as follows:

> "a summary of cash transactions derived from three types of activities undertaken by the company, such as operations, investment activities, and financing activities."

According to Darsono & Ashari (2005: 90), the definition of cash flow is "a report that contains information about the source and use of company cash during a certain period, for example, a month or a year."

The primary objective of the cash flow statement is to provide relevant information about the cash inflow and outflow of a company during a period (Kieso et al., 2007: 212).

b. Cash Flow Classifications

According to Harahap (2004: 258), to present the Cash Flow Statement separates into three categories, as follows:

1) Cash from/used for operational activities.
2) Cash from/used for investment activities.
3) Cash from/used for financing activities.

To determine which classes of cash flow (operation, investment, or financing) can explain as follows:

1) Operational Activities

All transactions relating to the earnings reported in the income statement grouped in this category. Similarly, other cash flow income from operational activities, for example:

a) Receipts from subscriptions;

b) Receipts from interest receivables;

c) Dividend receipts;

d) Refund from suppliers.

Cash flow outcome for examplefrom:

a) Cash paid for the purchase of selling goods and services;

b) Interest paid on company's debt;

c) Payment of income tax;

d) Payroll.

2) Investment Activities

This group is a cash transaction related to the acquisition of other investment and non-facilities used by the company. Cash inflows occur when cash is received from the result or return on previous investments, for example from sales.

Cash flow received for example from:

a) Sale of fixed assets;

b) Sale of securities in the form of investment;

c) Long-term loan collection (excluding interest if an investment activity);

d) The sale of other assets used in production activities (excluding inventories).

Cash outflows from this activity for example are:

a) Payments to obtain fixed assets;

b) Purchase of long-term investments;

c) Lending to other parties;

d) Payments for other assets used in production activities such as patents (excluding inventories that are operational inventories).

3) Financing Activities

This group regarding how the cash obtained to finance the activities of the company including its operations. In this category, cash inflows are activities of collecting funds for the benefit of the company. Cash outflow is the repayment to the owner and creditors of the funds previously provided.

Cash inflows in this group for example are:

a) Share expenses;

b) Disbursement of money orders;

c) Sale of bonds;

d) The release of mortgage letters, etc.

Cash outflows in this group for example:

a) Payment of dividends and other distributions granted to the owner;
b) Purchase of owners' shares (treasury stock);
c) Repayment of principal debt borrowed (excluding interest because it is considered an operating activity).

c. Measurement of Cash Flow

According to Darsono & Ashari (2005: 91), there is some analysis of the ratio of cash flow statement to assess the financial performance, one of which is the ratio of operating cash flow. Operating cash flow ratio calculates the cash flow operation ability to pay current liabilities. The formula for operating cash flow is as follows:

$$\text{Cash Flow (CF)} = \frac{\text{Total Operational Cash Flow}}{\text{Total Current Liabilities}} \times 100\%$$

When the ratio of operating cash flow is under one, it means there is a possibility that the company could not afford to pay current liabilities, without the use of cash flows and other activities.

5. Debt Default

According to PSA 30 (SPAP, 2011), the going concern indicator that auditors often use in providing audit decisions is a failure to fulfil their obligations (debt default). The definition of debt default is as negligence or the company's failure to pay principal or interest on the debt at maturity

(Chen & Church 1992). The category of the company included debt default status if the company has one of the following conditions, namely:

a. The company cannot pay or negligent in paying interest or principal debt.
b. The company violated the approval of the loan agreement if a violation of the agreement did not charge or have been sued creditors for less than one year.
c. The company is in the process of maturing debt restructuring.

B. Relevant Research

1. Research conducted by Paptitorini & Januarti (2007)

   This study entitled "*Analisis Pengaruh Kualitas Audit, Debt Default, dan Opinion Shopping Terhadap Penerimaan Opini Audit Going Concern*". The samples are manufacturing companies listed on the Indonesia Stock Exchange period 1997-2002. Data analysis techniques used in this study is the logistic regression analysis. Based on the results obtained by empirical evidence that the quality of audit and debt default affect the going concern audit opinion.Opinion shopping does not affect the going concern audit opinion.

   The similarity of this research uses the going concern audit opinion variableas the dependent variable and debt default variable as the independent variable. The difference is in the independent variables, for the present study using the company's growth, leverage ratio, and the cash

flow ratio. Companies sector under this study now is in the same examined but different years.

2. Research conducted by A. A. Ayu Putri Widyantari (2011)

   This study entitled "*Opini Audit Going Concern dan Faktor-faktor yang Memengaruhi: Studi Pada Perusahaan Manufaktur di Bursa Efek Indonesia*". The samples are manufacturing companies listed on the Indonesia Stock Exchange period 2000-2009. Data analysis techniques used in this study is the logistic regression analysis. Based on the research results show that the leverageand the prior year audit opinion has a positive effect on the going concern audit opinion. Variable profitability, cash flow, and the size of the company negatively affect the going concern audit opinion. Hypothesis testing results also showed that the variables of liquidity, company's growth, audit quality, audit lag, and client auditorstenuredoes not affect the going concern audit opinion.

   The similarity of this research uses the going concern audit opinion variableas the dependent variable and variable company's growth and leverage ratio as independent variables. The difference is in the independent variables, in this new research use the cash flow ratio and debt default. Companies sector under this study is now in the same examined but different years.

3. Research conducted by Endra Ulkri Arma (2013)

   This study entitled "*Pengaruh Profitabilitas, Likuiditas, dan Pertumbuhan Perusahaan Terhadap Penerimaan Opini Audit Going*

Concern". The samples are manufacturing companies listed on the Indonesia Stock Exchange the period 2008-2011. Data analysis techniques used in this research is the logistic regression. Based on the results, the profitability, liquidity, and company's growth have negative and significant effect on the going concern audit opinion.

The similarity of this research that uses is the same variable such as going concern audit opinionas of the dependent variable and company's growth variable as the independent variable. The difference is in the independent variables, in this new research use leverageratio, cash flow ratio, and debt default. Companies sector under this research now is in the same examined but in different years.

4. Research conducted by Safira Pramesti Ibrahim & Raharja (2013)

This study entitled "*Pengaruh* Audit Lag, *Rasio* Leverage, *Rasio Arus Kas, Opini Audit Tahun Sebelumnya, dan* Financial Distress *Terhadap Penerimaan Opini* Going Concern. The samples are manufacturing companies listed on the Indonesia Stock Exchange period 2009-2012. Data analysis techniques used in this research is the logistic regression. Based on the results obtained by empirical evidence that prior year audit opinion and financial distress have significant effect on the going concern audit opinion. Audit lag, leverage ratio, and cash flow ratio do not have significant effect on the going concern audit opinion.

The similarity of this research that uses is the same variable such as going concern audit opinionas of the dependent variable, leverage ratio

and cash flow ratio variable as the independent variable. The difference is in the independent variables, in this new research use company's growth and debt default. Companies sector under this research now is in the same examined but in different years.

5. Research conducted by Enggar Nursasi & Eva Maria (2015)

   This study entitled "*Pengaruh Audit Tenure, Opinion Shopping, Leverage, dan Pertumbuhan Perusahaan Terhadap Penerimaan Opini Audit Going Concern*". The samples used were the banking and finance sector companies listed on the Indonesia Stock Exchange period 2008-2012. Data analysis techniques used in this study is hypothesis testing using GESCA (Generalized Structured Component Analysis). Based on the results obtained by empirical evidence that audit tenure, opinion shopping, and the company's growth affect the going concern audit opinion, while the variable leverage does not affect the going concern audit opinion.

   The similarity of this research that uses is the same variable such as going concern audit opinionas for the dependent variable and company's growth and leverage ratio as the independent variables. The difference is in the independent variables, the new research use cash flow ratio and debtdefault. Companies sector and the year that observe are different.

C. Conceptual Framework

1. The Effect of Company's Growth, Leverage Ratio, Cash Flow Ratio, and Debt Default on the Going Concern Audit Opinion

   a. The Effect of Company's Growth on the Going Concern Audit Opinion

      Companies with negative growthindicate a greater tendency towards bankruptcy. In this study, researchers used sales growth to measure the growth rate. The formula of the ratio is calculating thesales growth ratio based on reported profit/loss of each company. The growth rate of a company will affect the ability to maintain profit so that the company can keep business continuity in the future.

      The company's growth shows the company's ability to maintain its economic position so the company can provide an opportunity to increase profits and maintain the viability of its business (Rudyawan & Badera, 2009: 2). Thus, the higher ratio of sales growth the less likely the company received going concern audit opinion. The company with the potential negative company's growth ratio will decrease their profits. If management does not take corrective action immediately, it is possible the company will not survive (Arma, 2013: 9).

   b. The Effect of LeverageRatio on the Going Concern Audit Opinion

      The high leverage ratio raises a doubt about the company's ability to maintain the continuity of their business in the future because most of the assets owned by the company will be used to refinance debt and

to reduce the funds to operate. The more high debt rather than assets will make the total debts to assets ratio isbig too. Increased total debt to total assets shows the company's financial performance is getting worse and may cause uncertainty about the viability of the company (Rudyawan& Badera, 2009: 3).

The research by Carcello and Neal (2000) and Widyantari (2011) found that leverage has a significant and positive effect on the going concern audit opinion. Companies with high leverage are likely to experience the possibility of debt. If they are not able to pay its debt, it will cause uncertainty about business continuity. It is because the high debt of the company will cause more assets that must use to pay off the debt when the company liquidated. Based on the description, the framework is leverage ratio has a positive effect on the possibility of companies receiving going concern audit opinion.

c. The Effect of Cash Flow Ratio on the Going Concern Audit Opinion

In the process of economic decision-making, the parties need to evaluate the company's ability to generate cash and cash equivalents as well as certainty of acquisition (IAI, 2007). Therefore, the cash flow ratio is very useful to see the company's performance. This ratio is measured by using operating cash flow ratio divided by current liabilities. The cash flow ratio shows how much cash is generated to fulfil its liabilities (Masyitoh & Adhariani, 2010). The bigger the value of this ratio, it makes the company will be able to pay off its debts,

assuming all cash flows from operating activities are used to pay all the debts of the company.

Ross, Westerfield, and Jafee (2001) stated that if the company has sufficient cash, the company could avoid the failure to meet obligations and financial distress. When a company is able to generate high cash flow during the year then it shows good company performance.It indicates that the company is likely to maintain continuity of business and so will not receive going concern audit opinion.

d. The Effect of Debt Default on the Going Concern Audit Opinion

Debt Default is an indication that there is a problem that causes the company will not be able to repay the debt that has matured, so if the company is in a debt defaultstatus, it is likely to receive going concern audit opinion (Diyanti, 2010). It indicates that there is a problem that resulted the company was unable to repay the loan overdue. If the company had failed to pay on its debt, it would affect the operational activities. Therefore, the probability of the company will receive going concern audit opinion is bigger.

This study was conducted to examine the effect of the four independent variables, they are company's growth, leverage ratio, cash flow ratio, and debt default on the going concern audit opinion in manufacturing companies, this can be depicted in diagrammatic form as follows:

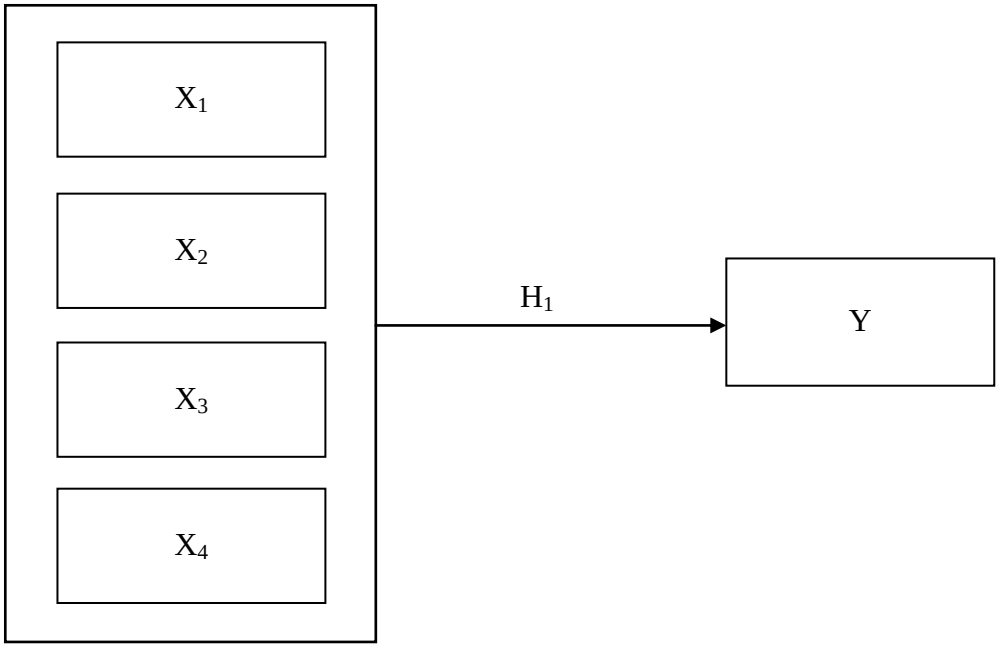

Figure 1. Research Paradigm

Information:

X_1 : Company's Growth

X_2 : Leverage Ratio

X_3 : Cash Flow Ratio

X_4 : Debt Default

Y : Going Concern Audit Opinion

⟶ : The effect of company's growth, leverage ratio, cash flow ratio, and debt default on the going concern audit opinion simultaneously.

D. Research Question and Hypothesis

Based on the conceptual framework that has been described previously, the hypothesis proposed in this study is:

H_1 : There is a significant effect of the company's growth, leverage ratio, cash flow ratio, and debt default on the going concern audit opinion.

CHAPTER III
RESEARCH METHODS

A. Types of Research

When conducting scientific research, it is necessary to take a research design. Arikunto (2006: 51) argues that the research design is a plan or design made by the researchers as the design to implement the activities. The research design depends on the type of research problem. In this research, researchers used a design causal. According to Sugiyono (2007: 30), the design causal is a design that aimed to analyze the causal relationship between the independent variables with the dependent variable (the variable that is affected). The dependent variable is the variable that is a primary concern for researchers. In other words, the dependent variable is the primary variable that being the prevailing factor in the investigation. The dependent variable in this study is going concern audit opinion. The independent variable is the variable that affects the dependent variable positively or negatively (Sekaran, 2006: 117). As for the independent variable in this research are company growth, leverage ratio, cash flow ratio, and debt default.

B. Place and Time of Research

The object of this research is manufacturing companies listed on the Indonesia Stock Exchange period 2012-2016. The research is from secondary data obtained on the official website of the Indonesia Stock Exchange in www.idx.co.id and www.sahamok.com, Data collection for the study in December 2017 – February 2018.

C. Population and Sample Research

The population in this study is all manufacturing companies listed on the Indonesia Stock Exchange period 2012-2016. The selection of manufacturing sector is to avoid the industrial effect that different with other industrial sectors. The research object is from 2012 to 2016 because researcher wants to dig deeper tendency on giving going concern audit opinion in the five years latest period.

Sugiyono (2013: 83) explains that the sample is part of the number and characteristics possessed by population. It must represent the characteristics of the population. Selection of the sample in this study is using purposive sampling method, which is the sampling technique with particular consideration. The considerations are:

1. The manufacturing companies listed on the Indonesia Stock Exchange period 2012-2016.
2. The manufacturing company was not delistingfrom the Indonesia Stock Exchange during period 2012-2016.
3. The manufacturing companies publish financial statements that audited by an independent auditor during period 2012-2016.
4. The manufacturing companies who have the negative net profit after tax at least in three years in a row during period 2012-2016. It is because the auditor almost never issued going concern audit opinion on the company that had a positive net profit after tax (McKeown et al., 1991).

5. The sample of company's financial statements contains all the information required for this study.

D. Operational Definition of Variables

1. Going Concern Audit Opinion

   Going concern audit opinion is the opinion issued by the auditor to evaluate whether there are doubts about the company's ability to sustain their life (IAI, 2001: SA Section 341). Measurement of going concern audit opinion variable is using dummy variable. Code 1 for companies that accept going concern audit opinion, while 0 for companies that receiving non-going concern audit opinion.

2. Company's Growth

   The proxy of company's growth in this study is the ratio of sales growth. Sales growth ratio measures how good the company will maintain its economic position, both in the industry and in the overall economic activity (Weston & Copeland, 1992). Rudianto (2009: 56) states that a sales growth is a volume of sales in the coming years, according to historical sales volume growth. The formula for sales growth ratio is:

   $$\text{Sales Growth} = \frac{\text{Sales}_{t} - \text{Sales}_{t-1}}{\text{Sales}_{t-1}}$$

3. Leverage Ratio

   Leverageratio shows the proportion of the use of debt to finance investment (Sartono, 2010: 120). The leverage ratio in this study using the debt to asset ratio, to measure how big the debt from the creditor to finance the company's assets. The formula of this ratio is:

Debt to Asset Ratio = $\frac{\text{Total Debt}}{\text{Total Assets}} \times 100\%$

4. Cash Flow Ratio

The purpose of the cash flow statement is to provide relevant information about the cash inflow and payment of a company during a period (Keiso et al., 2008: 212). A formula of cash flow ratio to assess the company's ability to continue its business is operating cash flow to total current liabilities. The cash flows of this operation come from cash receipts from customers.The ratio is:

Cash Flow = $\frac{\text{Total Operating Cash Flow}}{\text{Total Current Liabilities}} \times 100\%$

5. Debt Default

The definition of debt default is the failure of a company to pay debt principal and interest when due date. This variable is using a dummy variable to indicate whether the company is in default status or not. The debt default status usually exists in the notes to financial statements, especially in the explanatory financial statements or in the audit opinion (Praptitorini & Januarti, 2011). Code 1 for the company that has debt default status, meanwhile codes 0 for the company that has non-debt default status. The company has debt default status if they have one of the following conditions:

a. The company cannot or negligent in paying interest or principal debt.
b. Violate the approval of the loan agreement, if a violation of the agreement was not charged or has been sued creditors for a period of less than one year.

c. The company is in the process of maturing debt restructuring.

D. Data Collection Techniques

Data used in this study is a secondary data. Secondary datais a source of research that obtained by researcher directly through an intermediary (acquired and created by other parties). Secondary data is generally in the form of evidence, records, or historical reports that have been prepared and filed, published and unpublished (Indriantoro & Supomo, 2002: 147).

This research technique is using quantitative research technique. Quantitative research technique is a method of research that based on the philosophy of positivism, used to examine the population or a particular sample, analyzes quantitative/statistics, with the aim to test the hypothesis (Sugiyono, 2011: 11).

E. Data Analysis Techniques

1. Descriptive Statistics

   Descriptive statistics is a process of transformation of research data in a tabular form, so it is easy to understand and interpret. The purpose is to find a general overview of the research data and relationships between variables in the research (Ghozali, 2011: 19). This analysis is intended to provide an initial role of company growth, leverage ratio, cash flow ratio, and debt default on the going concern audit opinion.

2. Hypothesis Testing

   Hypothesis testing is to prove the truth of the provisional estimates of the phenomenon. There is the hypothesis test that used in this study.

a. Multicollinearity Test

Multicollinearity test aims to test whether the regression model found a correlation between the independent variables. A good regression model should not correlate the independent variables (Ghozali, 2011: 105). Detection of the presence or absence of multicollinearity in the regression model is from the amount of VIF (Variance Inflation Factor) and tolerance (TOL). Regression is free from multicollinearity problems if VIF <10 and the value of TOL> 0.1 (Ghozali, 2011: 106).

b. Assessing the Regression Model Feasibility

Regression model feasibility assessed using Hosmer and Lemeshow's Goodness of Fit Test. This model to test the null hypothesis that the empirical data by the model (there is no difference between the models with the data so that the model can be said to fit). According to Ghozali (2011: 341), the results obtained are:

1) If the statistical value of Hosmer and Lemeshow's Goodness of fit is equal to or less than 0.05, the null hypothesis rejected. It means that there are significant differences between the models with observation value so the goodness of fit is not a good model because cannot predict the data of observations.
2) If the statistical value of Hosmer and Lemeshow's Goodness of Fit Test is greater than 0.05, the null hypothesis cannot be rejected. It

means that the model can predict the value of observation or the model is acceptable because it fits with the data observation.

c. Assessing the Fit Model(Overall Model Fit Test)

This test is used to assess the hypothesized model was fit or not with the data. The hypothesis to assess the fit model are:

H_0: the hypothesized model fit to the data

H_1: the hypothesized model does not fit with the data

This hypothesis explained that we would not reject the null hypothesis to make the model fit with the data. Ratings used by Likelihood. Likelihood L of the model is the probability that the hypothesized model that describes the input data. The transformation from the null and alternative hypotheses test with L is become -2 Log Likelihood. SPSS output provides two grades -2 Log Likelihood. There are one for the model including only constants and one model with constant with an independent variable. Reduction in value between the first -2LL with value-2LL in the next step shows that the hypothesized model fit with the data (Ghozali, 2011: 340).

d. The Coefficient of Determination (Nagelkerke R Square)

Nagelkerke R Squareis a test conducted to determine how much the independent variables are able to explain and influence the dependent variable. The value of Nagelkerke R Squareranging from 1 (one) and 0 (zero). More close to the value 1, so the model considered

getting the goodness of fit. Whileif closer to 0, the model is getting no goodness of fit (Ghozali, 2011: 341).

e. Classification Table

Classification table shows the predictive power of the regression model to predict the probability of occurrence of the dependent variable. The predictive power of the regression model to predict the likelihood of the dependent variable is on percentage.

3. Logistic Regression

Hypothesis testing is using logistic regression because the dependent variable is qualitative data that using dummyvariable (Sumodiningrat, 2001: 359). Logistic regression is a form of testing whether the probability to predict the dependent variable by the independent variable. In this study, researchers did not use normality test and classical assumption test because for the logistic regression analysis techniques no longer require normality test and classical assumption test on the independent variable (Ghozali, 2011: 333).

Data processing tools to analyze this research is logistic regression analysiswith Statistical Package for Social Science (SPSS) version 23. The model in this study is:

$$\text{LN}\frac{\text{GC}}{1-\text{GC}} = \beta_0 + \beta_1(X_1) + \beta_2(X_2) + \beta_3(X_3) + \beta_4(X_4) + \varepsilon$$

Information:

GC : Going concern audit opinion (1 for companies that receiving going concern audit opinion and 0 for companies that receiving non-going concern audit opinion)

β_0 : Constants

X_1 : Company Growth

X_2 : Leverage Ratio

X_3 : Cash Flow Ratio

X_4 : Debt Default

β_1-β_3 : Regression Coefficient

ε : Coefficient error

Hypothesis Criteria:

If the sig value (Value P) $<\alpha$ (0.05) then the hypothesis is supported.

If the sig value (Value P) $>\alpha$ (0.05) then the hypothesis is not supported.

CHAPTER IV
RESEARCH RESULT AND DISCUSSION

A. Description of Data

The secondary data derived from the financial statements that publish in Indonesia Stock Exchange (IDX) on the website www.idx.co.id. The population in this study is a manufacturing company listed on the Indonesia Stock Exchange (IDX) in 2012-2016. The sample of this research using purposive sampling technique, the sampling based on some criteria. They are:

Table 2. Sampling Procedure

No	Description	Year (2012-2016)
1.	Manufacturing Company listed on Indonesia Stock Exchange in 2012-2016	144
2.	The manufacturing company delistedfrom the Indonesia Stock Exchange during period 2012-2016	(2)
3.	The manufacturing companies did not publish financial statements audited by an independent auditor during period 2012-2016	(12)
4.	The manufacturing companies who had not the negative net profit after tax at least in three years in a row during period years 2012-2016	(104)
5.	The sample of company's financial statements did not contain all the information required for the purposes of this study	(4)
Total companies being sampled		**22**
Total observations 22 x 5 years		**110**

Source: Processed data (2018)

Based on the sampling criteria, 22 manufacturing companies fulfil the criteria of total 144 manufacturing companies listed on the Indonesia Stock Exchange. The number of observation periods in this study is 5 years, so the amount of data in this study was 110 research data.

This study uses data such as Independent Auditor's Report, Net Sales, Total Liabilities, Total Assets, Total Operating Activities Cash Flows, Current Liabilities, and Description of Debt Restructuring. The dependent variable in this research is Going Concern Audit Opinion, while the independent variables in this research are Company's Growth, Leverage Ratio, Cash Flow Ratio, and Debt Default.

B. The Result of Descriptive Statistics Analysis

Descriptive statistics provide descriptions of data from the mean, standard deviation, minimum value, and maximum value. The results of research conducted descriptively in this study are as follows:

1. Going Concern Audit Opinion

Table 3. The Result of Descriptive Statistic from Going Concern Audit Opinion

Variable	N	*Minimum*	*Maximum*	*Mean*	*Std. Deviation*
Going Concern Audit Opinion	110	0	1	0.38	0.488
Valid N (listwise)	110				

Source: Appendix

Measurement variable of going concern audit opinion using a dummy variable, where the company that receiving going concern audit opinion gets code 1, while those who do not receive going concern audit opinion gets code 0. Based on the result of descriptive analysis it shows the minimum value of Going Concern Audit Opinion is 0 and the maximum value is 1. The mean value of this variable is 0.38 and the standard deviation is 0.488.

Table 4. The Distribution Table of Going Concern Audit Opinion

		Frequency	%	Valid Percent	Cumulative Percent
Valid	NGCAO	68	61.8	61.8	61.8
	GCAO	42	38.2	38.2	100.0
	Total	110	100.0	100.0	

Source: Appendix

Based on the distribution table of going concern audit opinion with the total 110 observation research, 42 of them received going concern audit opinion or 38.2% from total observation research, while the other 68 (61.8%) observation research receiving non-going concern audit opinion.

Table 5. The Companies that Receiving Going Concern Audit Opinion

No	Code	Companies	Year				
			2012	2013	2014	2015	2016
1	ARGO	Argo Pantes	1	1	1	1	1
2	ESTI	Even Shine Textile Industry	0	0	0	1	0
3	HDTX	Pan Asia Indosyntec	0	0	1	1	1
4	IKAI	Inti Keramik Alam Asri Industry	1	1	1	0	1
5	JKSW	Jakarta Koei Steel Works LTD	1	1	1	1	1
6	KBRI	Kertas Basuki Rachmat Indonesia	1	1	0	1	1
7	MYTX	Hanson International	1	1	1	1	1
8	POLY	Asia Pacific Fibers	1	1	1	1	1
9	SSTM	Sunson Textile Manufacturer	1	1	1	1	1
10	SULI	Sumalindo Lestari Jaya	1	1	1	1	1
Total			8	8	8	9	9

Source: Processed data (2018)

There is the diagram of going concern audit opinion distribution on manufacturing company period 2012-2016:

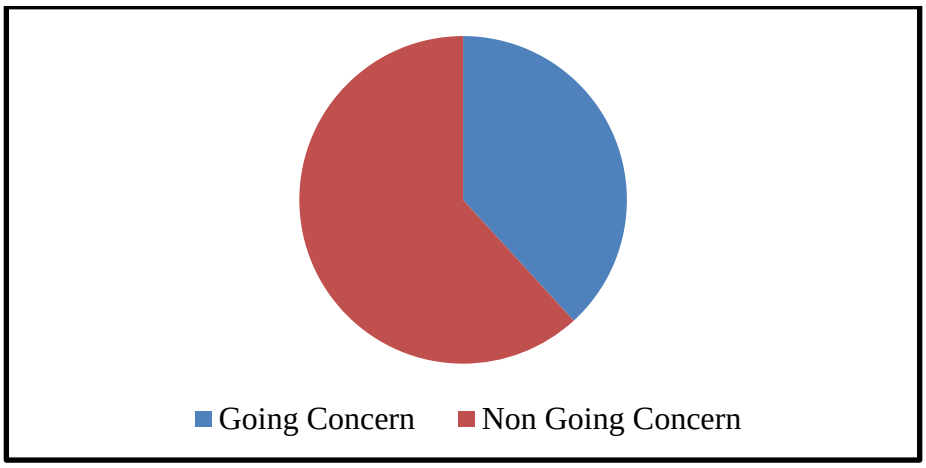

Figure 2. Diagram of Going Concern Audit Opinion Distribution

2. Company's Growth

Table 6. The Result of Descriptive Statistic from Company's Growth 1

Variable	N	Minimum	Maximum	Mean	Std. Deviation
CG	110	-0.734	5.947	0.1110716	0.6815162
Valid N (listwise)	110				

Source: Appendix

Based on the results of the descriptive analysis, the minimum value of the company's growth is -0.734 and the maximum value is 5.947. It shows that the sample of company's growth rate in this study ranged from -0.734 until 5.947. The company that gets the minimum and the maximum value is Kertas Basuki Rachmat Indonesia Tbk in 2013 and 2015. The mean value of this variable is 0.1110716 and the standard deviation is 0.6815162.

Table 7. The Result of Descriptive Statistic from Company's Growth 2

	Companies with Going Concern Audit Opinion				Companies with Non-Going Concern Audit Opinion			
	Min	Max	Mean	Std. Dev	Min	Max	Mean	Std. Dev
CG	-0.734	5.947	0.210	1.012	-0.462	1.925	0.495	0.343
Valid N (listwise)	42				68			

Source: Appendix

The result of descriptive statistic analysis in the second table shows the companies that receiving going concern audit opinion have company's growth with minimum value -0.734, maximum value 5.947, mean 0.210, and standard deviation 1.012, while for companies that receiving non going concern audit opinion have value minimum -0.462, maximum value 1.925, mean 0.495, and standard deviation 0.343. From the table, the conclusion is that the company with going concern audit opinion experienced a smaller growth rather than companies without going concern audit opinion (0.210 < 0.495).

The categorization of Company's Growth is the following criterion bellow:

a. High Category = (> iM + 1 iSD)

b. Medium Category = (iM – 1 iSD) until (iM + 1 iSD)

c. Low Category = (< iM – iSD)

The category to calculate Ideal Mean (iM), Ideal Standard Deviation (iSD), High, Medium, and Low Category are as follows:

Ideal Mean (iM) = ½ (Maximum Score + Minimum Score)

= ½ (21,415,500,129,400 + 87,132,056,914)

= 10,751,316,093,157

Ideal Standard Deviation = 1/6 (Maximum Score – Minimum Score)

= 1/6 (21,415,500,129,400 – 87,132,056,914)

= 3,554,728,012,081

High Category = > (iM + iSD)

= > (10,751,316,093,157 + 3,554,728,012,081)

= > 14,306,044,105,238

Medium Category = iM – 1 iSD until iM + iSD

= 10,751,316,093,157 – 3,554,728,012,081 until 10,751,316,093,157 + 3,554,728,012,081

= 7,196,588,081,076 until 14,306,044,105,238

Low Category = < (iM – 1 iSD)

= < (10,751,316,093,157 – 3,554,728,012,081)

= < 7,196,588,081,076

Based on the calculation, the frequency distribution of Company's Growth is in the table below:

Table 8. Tendency Category of Average Company's Growth

No	Interval	Freq	Total Average Sales (Rp)	Contribution	Category
1	>14,306,044,105,238	3	54,363,773,277,800	64.1%	High
2	7,196,588,081,076-14,306,044,105,238	0	0	0%	Medium
3	<7,196,588,081,076	19	30,483,133,317,735	35.9%	Low
Total		22	84,846,906,595,535	100%	

Source: Processed data (2018)

The table 8 shows that there are three samples in the high category, none in the medium, and 19 samples in the low for Company's Growth. The contribution of each class is 64.1% in high, 0% in medium, and 35.9% in low. Although the high category only has three samples, it gives contribution 64.1% of all total samples. Therefore, the companies with high give contribution more than medium and low, although the frequency of low is more than the high.

3. Leverage Ratio

Table 9. The Result of Descriptive Statistic from Leverage Ratio 1

Variable	N	Minimum	Maximum	Mean	Std. Deviation
DAR	110	0.039	5.056	0.911690	0.8795555
Valid N (listwise)	110				

Source: Appendix

Based on the results of the descriptive analysis, the leverage ratio has a minimum value 0.039 and maximum value 5.056. It shows that the leverage ratio in the sample of this study ranges from 0.039 until 5.056. This ratio gives an idea that there is a company that has a small amount of liability with the ratio shows 0.039. However, one sample company has ratio shows 5.056. If the company has a leverage ratio > 1, it is indicating that the company has negative equity. The companies that get the minimum value is Kertas Basuki Rachmat Tbk in 2012, and the maximum value belongs to Asia Pacific Fibers Tbk in 2016. The mean value of this variable is 0.911690 and the standard deviation is 0.8795555.

Table 10. The Result of Descriptive Statistic from Leverage Ratio 2

	Companies with Going Concern Audit Opinion				Companies with Non Going Concern Audit Opinion			
	Min	Max	Mean	Std. Dev	Min	Max	Mean	Std. Dev
DAR	0.039	5.056	1.477	1.203	0.094	1.249	0.563	0.221
Valid N (listwise)	42				68			

Source: Appendix

The result of the descriptive statistic above shows that the companies receiving going concern audit opinion have leverage ratio with minimum value 0.039, maximum value 5.056. The mean and standard deviation are 1.477 and 1.203. Whereas for company received without going concern audit opinion have minimum value 0.094, maximum value 1.249, mean 0.563, and standard deviation 0.221. From the table, the conclusion is that the companies with going concern audit opinion have a prominent leverage ratio rather than companies without going concern audit opinion (1.477 > 0.563).

4. Cash Flow Ratio

Table 11. The Result of Descriptive Statistic from Cash Flow Ratio 1

Variable	N	Minimum	Maximum	Mean	Std. Deviation
CF	110	-2.037	1.155	0.26099	0.3520250
Valid N (listwise)	110				

Source: Appendix

Based on the results of the descriptive analysis, the cash flow ratio has minimum value -2.037 and the maximum value is 1.155. It shows that the cash flow ratio in the sample of this study ranged from -2.037 until 1.155. The companies that get the minimum value is Kertas Basuki

Rachmat Tbk in 2012, the maximum value is Tifico Fiber Globalindo Tbk in 2015. The mean value of this variable is 0.26099 and the standard deviation is 0.3520250.

Table 12. The Result of Descriptive Statistic from Cash Flow Ratio 2

	Companies with Going Concern Audit Opinion				Companies with Non Going Concern Audit Opinion			
	Min	Max	Mean	Std. Dev	Min	Max	Mean	Std. Dev
CF	-2.037	0,522	-0,019	0,362	-0.819	1.155	0,052	0.346
Valid N (listwise)	42				68			

Source: Appendix

The result of descriptive statistic analysis in the second table shows the company that receiving going concern audit opinion have cash flow ratio with minimum value -2.037, maximum value 0.522. The mean and standard deviation are -0.019 and 0.362. Whereas for companies received without going concern audit opinion have minimum value -0.819, maximum value 1.155, mean 0.052, and standard deviation 0.346. From the table, the conclusion is that the companies with going concern audit opinion have a smaller cash flow ratio rather than companies without going concern audit opinion (-0.019 < 0.052).

5. Debt Default

Table 13.The Result of Descriptive Statistic from Debt Default 1

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Debt Default	110	0	1	0.44	0.498
Valid N (listwise)	110				

Source: Appendix

The measurement of debt default variable using a dummy variable, where the company that has a debt default status is coded 1, whereas those not in the debt default status are coded 0. Based on the results of the descriptive analysis it can be seen that the minimum debt default value is 0 and the maximum value is 1. The mean value of this variable is 0.44 and the standard deviation is 0.498.

Table 14. The Result of Descriptive Statistic from Debt Default 2

	Companies with Going Concern Audit Opinion				Companies with Non Going Concern Audit Opinion			
	Min	Max	Mean	Std. Dev	Min	Max	Mean	Std. Dev
DAR	0	1	0.88	0.328	0	1	0.16	0.371
Valid N (listwise)	42				68			

Source: Appendix

The result of the descriptive statistic analysis in the second table shows the companies that receiving going concern audit opinion have debt default with minimum value 0, maximum value 1, mean 0.88, and standard deviation 0.328, while for companies that receiving non going concern audit opinion have minimum value 0, maximum value 1, mean 0.16, and standard deviation 0.371. From the table, the conclusion is that the companies with going concern audit opinion experienced more debt default rather than companies without going concern audit opinion (0.88 > 0.16).

Table 15. The Distribution Table of Debt Default

		Frequency	%	Valid Percent	Cumulative Percent
Valid	NODEF	62	56.4	56.4	56.4
	DEF	48	43.6	43.6	100.0
	Total	110	100.0	100.0	

Source: Appendix

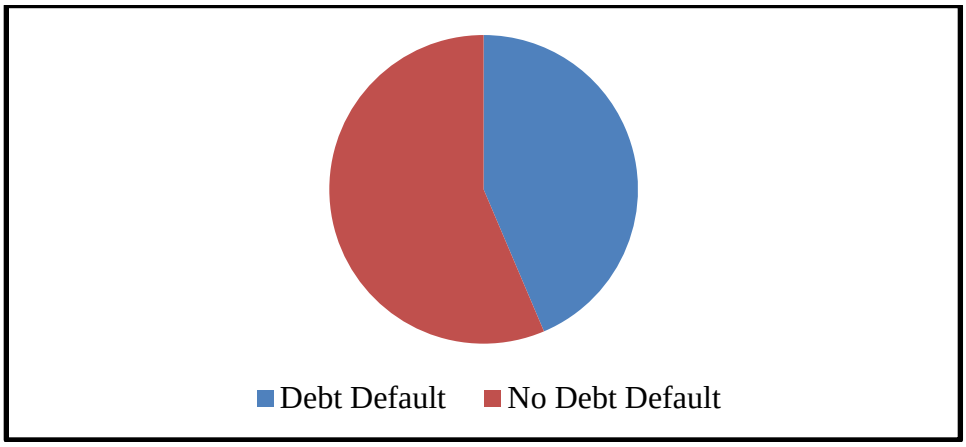

Figure 3. Diagram of Debt Default Distribution

Based on the distribution table of debt default with the total 110 samples research, 48 of them experienced debt default or 43.6% from total observation research, while the other 62 (56.4%) observation research experienced no debt default. The list of the companies that have debt default status is in appendix 6.

C. The Results of Data Analysis

1. Multicollinearity Test

The use of Multicollinearity test is to determine whether there is a deviation, which there is a linear relationship between independent variables in the regression model (Wiyono, 2011: 157). The multicollinearity test in logistic regression uses correlation matrix between independent variables and the calculation of Tolerance and VIF values. If

the VIF value ≤ 10 and Tolerance value ≥ 0.10, then the model is free from multicollinearity. The test results are in table 16.

Table 16.The Result of Multicollinearity Test

Variables	Collinearity Statistics		Conclusion
	Tolerance	VIF	
Company's Growth	0.940	1.063	There is no multicollinearity
Leverage Ratio	0.894	1.119	There is no multicollinearity
Cash Flow Ratio	0.936	1.068	There is no multicollinearity
Debt Default	0.877	1.140	There is no multicollinearity

Source: Appendix

Based on the results of multicollinearity test in table 16, the calculation of tolerance value shows that there is no independent variable has a tolerance value ≤ 0.10 or equal to VIF ≥ 10, so the conclusion is the regression model in this study does not have multicollinearity, and the regression model is feasible used.

2. Assessing the Regression Model Feasibility

The assessment of the regression model feasibility is using Hosmer and Lemeshow's Goodness of Fit Test. The Hosmer and Lemeshow's Goodness of Fit Test tests the null hypothesis that empirical data matches or fits with the model (there is no difference between the model and the data so the model is fit). There are the results of Hosmer and Lemeshow's Goodness of Fit test in this study:

Table 17. The Result of Hosmer and Lemeshow's Goodness of Fit Test

Step	Chi-square	Df	Sig
1	7.263	8	0.509

Source: Appendix

Table 17 shows that the statistical value of Hosmer and Lemeshow's Goodness of Fit Test is 7.263 with probability 0.509. Also, the probability 0.509 whose value is greater than 0.05 indicates that the model can predict the observed value in the research or the model is acceptable because it matches with the observation data.

3. Overall Model Fit Test

The purpose of the overall model fit test to know the model fit with data, both before or after entering the independent variable into the model. Testing is done by comparing the value between -2 Log Likelihood (-2LL) initial (Block Number = 0) with value -2 Log Likelihood (-2LL) end (Block Number = 1). If in the test result there is a decrease in value between -2LL initial with -2LL value at the end of the test (Block Number = 1), so it shows that the model hypothesized fit with the data. The decrease in the Log Likelihood value indicates that the regression model is getting better. The test results of the fit model test are in table 18.

Table 18. The Result of Overall Model Fit Test 1

Iteration		-2 Log Likelihood	Coefficients
			Constant
Step 0	1	146.291	-0.473
	2	146.288	-0.482
	3	146.288	-0.482

Source: Appendix

In table 18, the model includes only the constants shows the -2 Log Likelihood value is 146.288. Whereas, table 19 shows a model that provides for constants with independent variable includes in this study.

There is the result of the overall model fit test, which includes constants with independent variables:

Table 19. The Result of Overall Model Fit Test 2

Iteration	-2 LL	Coefficients				
		Constant	Company's Growth	Leverage Ratio	Cash Flow Ratio	Debt Default
Step 1 1	76.478	-2.150	0.169	0.703	-0.062	2.335
2	62.775	-3.518	0.209	1.684	-0.320	3.060
3	58.267	-4.656	0.200	2.709	-0.620	3.552
4	56.982	-5.466	0.192	3.673	-0.754	3.763
5	56.854	-5.797	0.188	4.090	-0.786	3.856
6	56.853	-5.830	0.188	4.129	-0.790	3.869
7	56.853	-5.831	0.188	4.130	-0.790	3.869

Source: Appendix

Table 18 and 19 shows the comparison between the first -2LL block and with the second -2LL block. From the calculation value -2LL can be seen that the value of the first block (Block Number = 0) is 146.288 and the value -2LL in the second block (Block Number = 1) is 56.853. From these results, the conclusion is that the second regression model is better, because there is a decrease in value from the first block to the second block.

4. The Coefficient of Determination (Nagelkerke R Square)

To see the coefficient of determination's value on the logistic regression model is using the amount of Nagelkerke R Square. There is the result of Nagelkerke R Square test in this study:

Table 20. The Result of Nagelkerke R Square Test

Step	-2 Log Likelihood	Cox & Snell R Square	Nagelkerke R Square
1	56.853	0.556	0.757

Source: Appendix

Based on the table above, the value of Nagelkerke R square is 0.757, which means variability of the dependent variable that can be explained by independent variable as company's growth, leverage ratio, cash flow ratio, and debt default is 75.7 percent, while the rest 24.3 percent represents other variables outside the research model.

5. Classification Table

The classification table shows the predictive power of the regression model to predict the probability of acceptance of going concern audit opinion on the company. The result of the classification table is in Table 21.

Table 21. Classification Table

Observed			Predicted		
			GCAO		Percentage Correct
			NGCAO	GCAO	
Step 1	GCAO	NGCAO	61	7	89.7
		GCAO	5	37	88.1
Overall Percentage					89.1

Source: Appendix

Table 21 shows the predictive power of the regression model to predict the likelihood that the company will accept a going concern audit opinion is 88.1 percent. It shows that by using the regression model, there are 37 companies (88.1%) predicted to receive going concern audit opinion from total 42 companies that accept going concern audit opinion. The predictive power of the regression model to predict the likelihood of the company that receiving a non-going concern audit opinion is 89.7 percent. It means 61 companies (89.7%) allegedly receiving non-going concern audit opinion from the total 68 companies that accept non-going

concern audit opinion. Overall, it concludes that the logistic regression model can predict 89.1 percent correctly.

D. The Result of Hypothesis Test

1. Logistic Regression Analysis

In this research, hypothesis testing is using logistic regression. Based Ghozali (2011) in testing the logistic regression models, the test of independent variables are simultaneously, but the output model interpretation is partial. The results of data analysis are in table 22.

Table 22. The Result of Logistic Regression Test

		B	S.E.	Wald	Df	Sig.	Exp(B)
Step 1	CG	0.188	0.465	0.163	1	0.687	1.206
	DAR	4.130	1.329	9.662	1	0.002	62.163
	CF	-0.790	0.836	0.892	1	0.345	0.454
	DEF	3.869	0.785	24.272	1	0.000	47.878
	Constant	-5.831	1.229	16.148	1	0.000	0.003

Source: Appendix

Based on the table above, the logistic regression model obtained as follows:

$$\text{LN}\frac{\text{GC}}{1-\text{GC}} = -5.831 + 0.188X_1 + 4.130X_2 - 0.790X_3 + 3.869X_4$$

The constant variable of logistic regression model has a negative coefficient of -5.831, which means if other variables are zero, the going concern audit opinion will decreased by -5.831 points.

This test is conducted to test whether company's growth, leverage ratio, cash flow ratio, and debt default simultaneously affect the going concern audit opinion. The Omnibus Test of Model Coefficient Result is in table 23.

Table 23. Omnibus Test of Model Coefficient

		Chi-square	Df	Sig.
Step 1	Step	89.435	4	0.000
	Block	89.435	4	0.000
	Model	89.435	4	0.000

Source: Appendix

Based on table 23, it shows that the company's growth, leverage ratio, cash flow ratio, and debt default simultaneously can explain about going concern audit opinion. The chi-square result is 89.435, df 4, and significance 0.000, whose value is smaller than 0.05. This shows that H_1 is accepted, so the conclusion is that company's growth, leverage ratio, cash flow ratio, and debt default have an effect simultaneously to the going concern audit opinion. From the logistic regression analysis test can also be interpreted the effect of each independent variable to the dependent variable, as follows:

a. Company's Growth

Company's growth variable has wald statistic 0.163 while from chi-square table for significance 0.05 and degree of freedom = 1 the result is 7.263. The test results showed a positive regression coefficient 0.188 which means that every 1% increase on the company's growth will increase the going concern audit opinion by 0.188 points with the assumption that the value of another variable's coefficient are constants. The significance value of the company's growth is 0.687, which is higher than 0.05. Based on this result, the conclusion is that the company's growth does not affect the going concern audit opinion.

b. Leverage Ratio

The leverage ratio variable has wald statistic 9.662 while from the chi-square table for the significance 0.05 and degrees of freedom = 1, the result is 7.263. The test result shows positive regression coefficient 4.130, which means that every 1% increase in the leverage ratio will increase the going concern audit opinion 4.130 points with the assumption that the value of the coefficient of another variable are constants. The significance value of the leverage ratio yields is 0.002, which is smaller than 0.05. Based on this result, the conclusion is that the leverage ratio affects the going concern audit opinion.

c. Cash Flow Ratio

The cash flow ratio variable has wald statistic 0.892 while from the chi-square table for the significance 0.05 and degrees of freedom = 1, the result is 7.263. The test results showed a negative regression coefficient -0.790 which means that every 1% increase in the cash flow ratio will decrease the going concern audit opinion of -0.790 points with the assumption that the value of another variable's coefficient is constants. The significance value of the cash flow ratio is 0.345, which is greater than 0.05. Based on this result, the conclusion is that the cash flow ratio does not affect the going concern audit opinion.

d. Debt Default

The debt default variable has wald statistic 24.272 while from the chi-square table for the significance 0.05 and degrees of freedom = 1,

the result is 7.263. The test results show positive regression coefficient 3.869, which means that every 1% increase in debt default will increase the going concern audit opinion of 3.869 points with the assumption that the value of another variable's coefficient constant. The significance value of debt default is 0.000, which is smaller than 0.05. Based on the result, the conclusion is that the debt default affects the going concern audit opinion.

E. Discussion

This study aims to examine the effect of Company's Growth, Leverage Ratio, Cash Flow Ratio, and Debt Default on the Going Concern Audit Opinion in Manufacturing Companies listed on IDX period 2012-2016. The result of this test supports the hypothesis that there has an effect of Company's Growth, Leverage Ratio, Cash Flow Ratio, and Debt Default on the Going Concern Audit Opinion in Manufacturing Company listed on IDX period 2012-2016. This result shows there is a significant effect of the effect of Company's Growth, Leverage Ratio, Cash Flow Ratio, and Debt Default 0.000, which is less than 0.05. The value of Nagelkerke R Square 0.757, which means that the Company's growth, Leverage Ratio, Cash Flow Ratio, and Debt Default affect the Going Concern Audit Opinion of 75.7 percent, while the remaining 24.3 percent is explained by other factors outside this research.

From the logistic regression analysis test can also explain the effect of the independent variable to the dependent variable partially, as follows:

1. The Effect of Company’s Growth on the Going Concern Audit Opinion in Manufacturing Companies listed on IDX in 2012-2016

The proxy of company's growth in this study is using net sales growth. Sales are the primary operational activity undertaken by the company, so the increase in sales also indicates an increase in the company's ability in the economic position. Based on the test of variable company’s growth, the result of regression coefficient value is 0.188. It states that every increase 1 point of company’s growth will increase 0.188 points of going concern audit opinion on manufacturing companies listed on the IDX 2012-2016. The significance value generated by the company's growth is 0.687, which is greater than 0.05. It identifying that company’s growth does not affect the going concern audit opinion.

This study is not in line with research conducted by Kristiana (2012) and Arma (2013) which shows the negative and significant effect on Company’s Growth and Going Concern Audit Opinion. They stated that the company’s growth indicates the ability of the company to maintain its business continuity and if the company experienced negative growth then it indicate a greater tendency toward bankruptcy. Nevertheless, the results of this study are consistent with research conducted by Gama & Astuti (2014) and Rafflesia (2015). The results of these studies show insignificant results, so the conclusion is that the company's growth does not affect the going concern audit opinion. Sales generated by the company will be reduced by the cost of revenue and other sales expenses.

Although the company experienced high sales,but if followed by a higher expense, it will cause losses. Therefore, the conclusion is that the company's growth does not affect the going concern audit opinion in manufacturing companies listed on the IDX period 2012-2016.

Company with low growth should be doubtful about their ability to continue their business activities in the future, making it possible to receive Going Concern Audit Opinion. However, the regression coefficients generated in this research were positive. It is because the sample of manufacturing companies experienced uneven company's growth. From the total 22 companies, there are only three companies include in the high category, but contribute more than 60% in total sales of the manufacturing sector. While 19 companies with low categories only contributed 35%. It shows that a small group only controls the good condition of company's growth of manufacturing companies period 2012-2016 so that lead to inefficient market. When the company's growth in an industrial sector is good even though only a small group of companies contribute greatly, it will make the sector look good and considered capable of continuing its business in the future. In fact, there are still many companies do not experience good company's growth.

2. The Effect of Leverage Ratio on the Going Concern Audit Opinion in Manufacturing Companies listed on IDX in 2012-2016

The leverage ratio in this study using a proxy of total liabilities divide with total assets. This ratio measures the extent to which liabilities

arising from creditors finance the company's assets. The result of leverage ratio test shows that there is an influence of leverage ratio on the going concern audit opinion at manufacturing company listed in IDX period 2012-2016. This result is shown by 4.130 regression coefficient, which means that every increase 1 point of leverage ratio will increase 4.130 points of going concern audit opinion in manufacturing company listed on IDX period 2012-2016. Based on the leverage ratio test, has a significant value 0.002, which is smaller than 0.05. Based on the significance value, it indicates that the leverage ratio has a significant effect on the going concern audit opinion. The conclusion is that the leverage ratio has a positive and significant effect on the going concern audit opinion in manufacturing companies listed on the IDX period 2012-2016

The results of this study support the research from Widyantari (2011). The Widyantari's research (2011) entitled "*Opini Audit* Going Concern *dan Faktor-faktor yang Memengaruhi: Studi Pada Perusahaan Manufaktur di Bursa Efek Indonesia*" shows the results that the leverage ratio is significant to the going concern audit opinion. If the assets owned by the company are not able to cover its debt, it will create doubt for the company cannot pay off all debts that affect the business continuity. It proves that in the business continuity of a company need to pay attention to the company's ability to pay debts, so the bigger the leverage ratio is more likely will accept the going concern audit opinion by the company.

3. The Effect of Cash Flow Ratio on the Going Concern Audit Opinion in Manufacturing Companies listed on IDX in 2012-2016

The proxy of cash flow ratio in this study using total operating cash flow divides with total current liabilities. Based on the testing of the cash flow ratio variable, the regression coefficient value is -0.790 points that increase 1 point of cash flow ratio will decrease -0.790 points of going concern audit opinion in manufacturing companies listed on the IDX 2012-2016. The significance value of the cash flow ratio is 0.345, which is higher than 0.05. It identifies that the cash flow ratio has no significant effect on the going concern audit opinion.

The results of this study are consistent with the research conducted by Masyitoh & Adhariani (2010) and Gharaghayah, Jahanshad, & Adhami (2013). Their research was indicating that the cash flow ratio does not affect on the going concern audit opinion. The results of this study cannot prove that companies with adequate cash can avoid the failure to fulfil their obligations so not influence on acceptance the going concern audit opinion. The cash flows in the company not only come from cash flow from operating activities but also cash flow from investment activity and cash flow from financing activities. When operating cash flow is positive, but the cash flow from investment and funding activities are negative, it will result the negative total cash flow of the company.Therefore, negative operating cash does not necessarily follow a negative cash flow and cash equivalents as well. Thus, the conclusion is that the cash flow ratio with

the proxy of operational cash flow is having no significant impact on the going concern audit opinion in manufacturing companies listed on the IDX period 2012-2016. Although the cash flow ratio has no significant effect on the going concern audit opinion, the coefficient regression showed that the cash flow ratio is negative, so when the company receives a going concern audit opinion, it is also followed by a low cash flow ratio of the company.

4. The Effect of Debt Default on the Going Concern Audit Opinion in Manufacturing Companies listed on IDX in 2012-2016

   The result of debt default variable testing shows that there is an effect of debt default on the going concern audit opinion in manufacturing companies listed on IDX period 2012-2016. The regression coefficient is 3.869, which means that every increase 1 points of debt default will increase 3.869 points of going concern audit opinion on manufacturing company listed in IDX period 2012-2016. The leverage ratio test results have a significant value of 0.000, which is smaller than 0.05. Based on the considerable value, it shows that debt default affects the going concern audit opinion.

   The results of this study are consistent with research conducted by Praptitorini & Januarti (2011), Ardiani et al. (2012), and Khaddafi (2015). In the research shows the result that debt default has a significant effect on the going concern audit opinion. It proves that if there are problems with companies such as negligence in paying debts, violating debt agreements,

or in the process of debt restructuring will increase the probability of the company to accept going concern audit opinion. The conclusion is that the debt default has a positive and significant effect on the going concern audit opinion in manufacturing companies listed on the IDX period 2012-2016.

F. Research Limitation

This study has several limitations that may affect the results of the study. Limitations of this study include the following:

1. The company's sample in this research only amounted 22 companies of total 144 companies.
2. Findings from the results of this study prove that in addition to the Company's Growth, Leverage Ratio, Cash Flow Ratio, and Debt Default are the factors used in the study of Going Concern Audit Opinion in Manufacturing Companies listed on the IDX period 2012-2016. Company's Growth, Leverage Ratio, Cash Flow Ratio, and Debt Default accounted for 75.7 percent of Going Concern Audit Opinion in Manufacturing Companies listed on the IDX period 2012-2016, while the other 24.3 percent explained by other factors outside this study.
3. Observation period used in this study is five years from 2012-2016 and only limited to the manufacturing company sector. Therefore, for companies experiencing negative earnings for three consecutive years beyond the year of observation not included in the research sample.
4. Company's growth variable is proxied by the sales growth and cash flow ratio variable only uses cash flow from operating activities.

5. Debt default variables are proxied by using dummy variables. This study does not measure debt default using the number of default debt problems experienced in the year of observation.

CHAPTER V
CONCLUSIONS AND SUGGESTIONS

A. Conclusions

This study examines the effect of Company's Growth, Leverage Ratio, Cash Flow Ratio, and Debt Default on the Going Concern Audit Opinion in Manufacturing Companies listed on Indonesia Stock Exchange 2012-2016. Based on the results of the data analysis, the researcher can conclude that there is a significant effect of Company's Growth, Leverage Ratio, Cash Flow Ratio, and Debt Default on the Going Concern Audit Opinion in Manufacturing Companies listed on Indonesia Stock Exchange Period 2012-2016. It is indicated by a significant value of 0.000 smaller than 0.05, which means Company's Growth, Leverage Ratio, Cash Flow Ratio, and Debt Default simultaneously have a significant effect on the Going Concern Audit Opinion in Manufacturing Companies listed on Indonesia Stock Exchange Period 2012-2016. It is shown from the value of Nagelkerke R Square of 0.757, which means that the variable of Company's Growth, Leverage Ratio, Cash Flow Ratio, and Debt Default affect the Going Concern Audit Opinion of 75.7 percent, while other factors outside this research explain the remaining 24.3 percent.

Based on the data analysis also obtained the conclusion about the effect of independent variables on the dependent variable partially, as follows:

1. Company's Growth Variable does not affect on the Going Concern Audit Opinion. The regression coefficient X_1 evidences this has a positive value of 0.188 with a level of significance greater than the level of significance

that has been set (0.687 > 0.05). Thus, Company's Growth has no negative and significant effect on the Going Concern Audit Opinion in Manufacturing Companies listed on Indonesia Stock Exchange Period 2012-2016.

2. Leverage Ratio variable has a positive and significant affect on the Going Concern Audit Opinion. It is evidenced by the regression coefficient X_2 has a positive value of 4.130 with a level of significance smaller than the level of significance that has been set (0.002 < 0.05). Thus, the Leverage Ratio has a positive and significant effect on the Going Concern Audit Opinion in Manufacturing Companies listed on the Indonesia Stock Exchange Period 2012-2016.
3. Cash Flow Ratio variable does not affect on the Going Concern Audit Opinion. It is evidenced by the regression coefficient X_3 has a negative value of -0.790 with the level of significance higher than the level of significance that has been set (0.345 > 0.05). Thus, the Cash Flow Ratio has no significant effect on the Going Concern Audit Opinion in Manufacturing Companies listed on Indonesia Stock Exchange Period 2012-2016.
4. Debt Default variables have a positive and significant effect on the Going Concern Audit Opinion. It is evidenced by regression coefficient X_4 has a positive value of 3.869 with a level of significance smaller than the level of significance that has been set (0,000 < 0.05). Thus, Debt Default has a positive and significant effect on the Going Concern Audit Opinion in

Manufacturing Companies listed on Indonesia Stock Exchange Period 2012-2016.

B. Suggestions

Based on the result of the research and the conclusions of this study, the researcher can provide suggestions as follows:

1. For potential investors who want to invest in the company, should consider more on the leverage factor and the company's debt default status because these factors have a significant influence on the Going Concern Audit Opinion in manufacturing companies listed on the Indonesia Stock Exchange period 2012-2016.
2. For the management should increase the attention to debt owned by the company. The attention can start from the company's efforts to improve its ability to repay debts, especially debt that will mature to reduce the probability of obtaining a going concern audit opinion.
3. For further research should develop research on the Going Concern Audit Opinion by increasing the number of samples, increasing the number of company sectors, and adding other independent variables, such as:
    a. The sample used in this study includes companies experiencing negative earnings from three consecutive years starting from the years before the observation period.
    b. The proxy of company’s growth that uses sales growth can replace by using profit growth to represent the company’s growth.

c. The cash flow ratio can use cash flow from operating, investment, and financing activities to represent the company's cash flow.

d. Debt default variables can be proxyed with how many the number ofdebt default problems experienced during the year.

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APPENDICES

Appendix 1. List of Research Population

No	Company's Code	Company's Name
1	ADES	Akasha Wira International Tbk
2	ADMG	Polychem Indonesia Tbk
3	AISA	Tiga Pilar Sejahtera Food Tbk
4	AKPI	Argha Karya Prima Industry Tbk
5	ALDO	Alkindo Naratama Tbk
6	ALKA	Alaska Industrindo Tbk
7	ALMI	Alumindo Light Metal Industry Tbk
8	ALTO	Tri Banyan Tirta Tbk
9	AMFG	Asahimas Flat Glass Tbk
10	APLI	Asiaplast Industries Tbk
11	ARGO	Argo Pantes Tbk
12	ARNA	Arwana Citra Mulia Tbk
13	ASII	Astra International Tbk
14	AUTO	Astra Auto Part Tbk
15	BAJA	Saranacentral Bajatama Tbk
16	BATA	Sepatu Bata Tbk (Belom cek
17	BIMA	Primarindo Asia Infrastucture Tbk
18	BOLT	Garuda Metalindo Tbk
19	BRAM	Indo Kardsa Tbk
20	BRNA	Belina Tbk
21	BRPT	Barito Pacific Tbk
22	BTON	Beton Jaya Manunggal Tbk
23	BUDI	Budi Acid Jaya Tbk
24	CEKA	Cahaya Kalbar Tbk
25	CINT	Chitose International Tbk
26	CNTB	Centex Saham Seri B Tbk.
27	CNTX	Centex Tbk
28	CPIN	Charoen Pakphand Indonesia Tbk
29	CTBN	Citra Turbindo Tbk
30	DAJK	Dwi Aneka Jaya Kemasindo Tbk
31	DAVO	Davomas Abadi Tbk
32	DLTA	Delta Djakarta Tbk
33	DPNS	Duta Pertiwi Nusantara
34	DVLA	Darya Varia Laboratoria Tbk

35	EKAD	Ekadharma International Tbk
36	ERTX	Eratex Djaya Tbk
37	ESTI	Ever Shine Textile Industry Tbk
38	ETWA	Eterindo Wahanatama TTbk
39	FASW	Fajar Surya Wisesa Tbk
40	FPNI	Titan Kimia Nusantara Tbk
41	GDST	Gunawan Dianjaya Steel Tbk
42	GDYR	Goodyear Indonesia Tbk
43	GGRM	Gudang Garam Tbk
44	GJTL	Gajah Tunggal Tbk
45	HDTX	Pan Asia Indosyntec Tbk
46	HMSP	Hanjaya Mandala Sampoerna Tbk
47	ICBP	Indofood CBP Sukses Makmur Tbk
48	IGAR	Champion Pacific Indonesia Tbk
49	IKAI	Inti Keramik Alam Asri Industri Tbk
50	IKBI	Sumi Indo Kabel Tbk
51	IMAS	Indomobil Sukses International Tbk
52	INAF	Indofarma Tbk
53	INAI	Indal Alumunium Industry Tbk
54	INCI	Intan Wijaya International Tbk
55	INDF	Indofood Sukses Makmur Tbk
56	INDR	Indo Rama Synthetic Tbk
57	INDS	Indospring Tbk
58	INKP	Indah Kiat Pulp and Paper Tbk
59	INRU	Toba Pulp Lestari Tbk
60	INTP	Indocement Tunggal Prakasa Tbk
61	IPOL	Indopoly Swakarsa Industry Tbk
62	ISSP	Steel Pipe Industry of Indonesia Tbk
63	JECC	Jembo Ceble Company Tbk
64	JKSW	Jakarta Koei Steel Works LTD Tbk
65	JPFA	Japfa Comfeed Indonesia Tbk
66	JPRS	Jaya Pari Steel Tbk
67	KAEF	Kimia Farma Tbk
68	KBLI	KMI Wire and Cable Tbk
69	KBLM	Kabelindo Murni Tbk
70	KBRI	Kertas Basuki Rachmat Indonesia Tbk

71	KDSI	Kedawung Setia Industrial Tbk
72	KIAS	Keramika Indondesia Assosiasi Tbk
73	KICI	Kedaung Indag Can Tbk
74	KLBF	Kalbe Farma Tbk
75	KRAH	Grand Kartech Tbk
76	KRAS	Krakatau Steel Tbk
77	LION	Lion Metal Works Tbk
78	LMPI	Langgeng Makmur Industry Tbk
79	LMSH	Lionmesh Prima Tbk
80	LPIN	Multi Prima Sejahtera Tbk
81	MAIN	Malindo Feedmill Tbk
82	MASA	Multistrada Arah Sarana Tbk
83	MBTO	Martina Berto Tbk
84	MERK	Merck Tbk
85	MLBI	Multi Bintang Indonesia Tbk
86	MLIA	Mulia Industrindo Tbk
87	MRAT	Mustika Ratu Tbk
88	MYOR	Mayora Indah Tbk
89	MYRX	Hanson International Tbk
90	MYTX	Hanson International Tbk
91	NIKL	Pelat Timah Nusantara Tbk
92	NIPS	Nippres Tbk
93	PBRX	Pan Brothers Tbk
94	PICO	Pelangi Indah Canindo Tbk
95	POLY	Asia Pacific Fibers Tbk
96	PRAS	Prima Alloy steel Universal Tbk
97	PSDN	Prashida Aneka Niaga Tbk
98	PTSN	Sat Nusa Persada Tbk
99	PYFA	Pyridam Farma Tbk
100	RICY	Ricky Putra Globalindo Tbk
101	RMBA	Bentoel International Investama Tbk
102	ROTI	Nippon Indosar Corporindo Tbk
103	SCCO	Supreme Cable Manufacturing and Commerce Tbk
104	SCPI	Schering Plough Indonesia Tbk
105	SIAP	Sekawan Intipratama Tbk
106	SIDO	Industri Jamu dan Farmasi Sido Muncul Tbk

107	SIMA	Siwani Makmur Tbk
108	SIPD	Sierad Produce Tbk
109	SKBM`	Sekar Bumi Tbk
110	SKLT	Sekar Laut Tbk
111	SMBR	Semen Baturaja Persero Tbk
112	SMCB	Holcim Indonesia Tbk
113	SMGR	Semen Gresik Tbk
114	SMSM	Selamat Sempurna Tbk
115	SOBI	Sorini Agro Asia Corporindo Tbk
116	SPMA	Suparma Tbk
117	SQBB	Taisho Parameutical Indonesia Tbk
118	SRIL	Sri Rejeki Isman Tbk
119	SRSN	Indo Acitama Tbk
120	SSTM	Sunson Textie Manufacturer Tbk
121	STAR	Star Perochem Tbk
122	STTP	Siantar Top Tbk
123	SULI	Sumalindo Lestari Jaya Tbk
124	TALF	Tunas Alfin Tbk
125	TBMS	Tembaga Mulia Semanan Tbk
126	TCID	Mandom Indonesia Tbk
127	TFCO	Tifico Fiber Globalindo Tbk
128	TIRT	Tirta Mahakam Resources Tbk
129	TKIM	Pabrik Kertas Tjiwi Kimia Tbk
130	TOTO	Surya Toto Indonesia Tbk
131	TPIA	Chandra Asri Petrochemical
132	TRIS	Trisula International Tbk
133	TRST	Trias Sentosa Tbk
134	TSPC	Tempo Scan Pasific Tbk
135	ULTJ	Ultrajaya Milk Industry and Trading Company Tbk
136	UNIC	Unggul Indah Cahaya Tbk
137	UNIT	Nusantara Inti Corpora Tbk
138	UNTX	Unitex Tbk
139	UNVR	Unilever Indonesia Tbk
140	VOKS	Voksel Electric Tbk
141	WIIM	Wismilak Inti Makmur Tbk
142	WSBP	Waskita Beton Precast Tbk

143	WTON	Wijaya Karya Baton Tbk
144	YPAS	Yanaprima Hasta Persada Tbk

Source: www.sahamok.com/manufacturing company 2014-2016

Appendix 2.List of Research Sample

No	Company's Code	Company's Name
1	ADMG	Polychem Indonesia Tbk
2	ALTO	Tri Banyan Tirta Tbk
3	ARGO	Argo Pantes Tbk
4	BAJA	Saranacentral Bajatama Tbk
5	ESTI	Ever Shine Textile Industry Tbk
6	GDST	Gunawan Dianjaya Steel Tbk
7	HDTX	Pan Asia Indosyntec Tbk
8	IKAI	Inti Keramik Alam Asri Industri Tbk
9	IMAS	Indomobil Sukses International Tbk
10	JKSW	Jakarta Koei Steel Works LTD Tbk
11	KBRI	Kertas Basuki Rachmat Indonesia Tbk
12	KRAS	Krakatau Steel Tbk
13	LPIN	Multi Prima Sejahtera Tbk
14	MAIN	Malindo Feedmill Tbk
15	MYTX	Hanson International Tbk
16	POLY	Asia Pacific Fibers Tbk
17	RMBA	Bentoel International Investama Tbk
18	SIPD	Sierad Produce Tbk
19	SSTM	Sunson Textie Manufacturer Tbk
20	SULI	Sumalindo Lestari Jaya Tbk
21	TFCO	Tifico Fiber Globalindo Tbk
22	YPAS	Yanaprima Hasta Persada Tbk

Appendix 3. Data of Company's Growth

1. Data of Company's Growth Period 2012

COMPANY'S CODE	NET SALES		COMPANY'S GROWTH
	2011	2012	
ADMG	Rp5,012,511,132,804	Rp 4,717,668,532,820	-0.0588
ALTO	Rp 129,525,779,348	Rp 233,675,793,803	0.8041
ARGO	Rp 848,267,113,000	Rp 1,001,452,918,000	0.1806
BAJA	Rp 900,354,986,492	Rp 1,070,846,213,089	0.1894
ESTI	Rp 737,054,366,944	Rp 729,404,783,190	-0.0104
GDST	Rp 2,093,544,754,762	Rp 1,647,928,004,308	-0.2129
HDTX	Rp 1,016,881,448,518	Rp 861,164,216,195	-0.1531
IKAI	Rp 210,970,407,747	Rp 201,204,079,453	-0.0463
IMAS	Rp 15,892,404,268,756	Rp 19,780,838,058,900	0.2447
JKSW	Rp 142,107,087,508	Rp 86,197,771,507	-0.3934
KBRI	Rp 25,340,583,227	Rp 44,640,183,225	0.7616
KRAS	Rp 18,433,901,936,000	Rp 22,119,593,150,000	0.1999
LPIN	Rp 62,958,088,306	Rp 68,736,656,643	0.0918
MAIN	Rp 2,634,460,563,000	Rp 3,349,566,738,000	0.2714
MYTX	Rp 1,957,035,256,801	Rp 1,519,059,182,281	-0.2238
POLY	Rp 5,763,028,822,824	Rp 5,795,529,570,920	0.0056
RMBA	Rp 10,070,175,000,000	Rp 9,850,010,000,000	-0.0219
SIPD	Rp 4,029,131,023,628	Rp 4,354,469,720,627	0.0807
SSTM	Rp 403,181,559,300	Rp 554,471,435,919	0.3752
SULI	Rp 408,172,154,092	Rp 303,056,401,434	-0.2575
TFCO	Rp 3,644,639,223,948	Rp 3,476,585,060,190	-0.0461
YPAS	Rp 373,047,761,804	Rp 413,821,872,609	0.1093

2. Data of Company's Growth Period 2013

COMPANY'S CODE	NET SALES		COMPANY'S GROWTH
	2012	2013	
ADMG	Rp 4,717,668,532,820	Rp 6,159,339,812,115	0.3056
ALTO	Rp 233,675,793,803	Rp 487,200,477,334	1.0849
ARGO	Rp 1,001,452,918,000	Rp 1,547,829,331,128	0.5456
BAJA	Rp 1,070,846,213,089	Rp 1,052,131,125,561	-0.0175
ESTI	Rp 729,404,783,190	Rp 600,571,715,235	-0.1766
GDST	Rp 1,647,928,004,308	Rp 1,410,117,393,010	-0.1443
HDTX	Rp 861,164,216,195	Rp 1,057,343,006,058	0.2278
IKAI	Rp 201,204,079,453	Rp 211,523,292,543	0.0513
IMAS	Rp 19,780,838,058,900	Rp 20,094,736,395,135	0.0159
JKSW	Rp 86,197,771,507	Rp 91,708,035,390	0.0639
KBRI	Rp 44,640,183,225	Rp 11,868,785,724	-0.7341
KRAS	Rp 22,119,593,150,000	Rp 25,407,336,672,000	0.1486
LPIN	Rp 68,736,656,643	Rp 77,231,127,337	0.1236
MAIN	Rp 3,349,566,738,000	Rp 4,193,082,465,000	0.2518
MYTX	Rp 1,519,059,182,281	Rp 1,900,302,000,000	0.2510
POLY	Rp 5,795,529,570,920	Rp 6,888,521,201,160	0.1886
RMBA	Rp 9,850,010,000,000	Rp 12,273,615,000,000	0.2461
SIPD	Rp 4,354,469,720,627	Rp 3,854,271,748,057	-0.1149
SSTM	Rp 554,471,435,919	Rp 573,748,747,725	0.0348
SULI	Rp 303,056,401,434	Rp 177,698,000,000	-0.4136
TFCO	Rp 3,476,585,060,190	Rp 3,715,173,399,903	0.0686
YPAS	Rp 413,821,872,609	Rp 439,680,589,423	0.0625

3. Data of Company's Growth Period 2014

COMPANY'S CODE	NET SALES		COMPANY'S GROWTH
	2013	2014	
ADMG	Rp 6,159,339,812,115	Rp 5,586,582,530,680	-0.0930
ALTO	Rp 487,200,477,334	Rp 332,402,373,397	-0.3177
ARGO	Rp 1,547,829,331,128	Rp 1,303,951,507,320	-0.1576
BAJA	Rp 1,052,131,125,561	Rp 1,229,844,640,405	0.1689
ESTI	Rp 600,571,715,235	Rp 587,355,669,840	-0.0220
GDST	Rp 1,410,117,393,010	Rp 1,215,611,781,842	-0.1379
HDTX	Rp 1,057,343,006,058	Rp 1,175,464,356,704	0.1117
IKAI	Rp 211,523,292,543	Rp 262,321,356,543	0.2402
IMAS	Rp 20,094,736,395,135	Rp19,458,165,173,088	-0.0317
JKSW	Rp 91,708,035,390	Rp 86,480,258,025	-0.0570
KBRI	Rp 11,868,785,724	Rp 34,719,548,322	1.9253
KRAS	Rp 25,407,336,672,000	Rp23,248,431,800,000	-0.0850
LPIN	Rp 77,231,127,337	Rp 70,155,464,867	-0.0916
MAIN	Rp 4,193,082,465,000	Rp 4,502,078,127,000	0.0737
MYTX	Rp 1,900,302,000,000	Rp 2,129,058,000,000	0.1204
POLY	Rp 6,888,521,201,160	Rp 6,139,973,741,240	-0.1087
RMBA	Rp 12,273,615,000,000	Rp14,091,156,000,000	0.1481
SIPD	Rp 3,854,271,748,057	Rp 2,505,575,102,503	-0.3499
SSTM	Rp 573,748,747,725	Rp 519,854,661,831	-0.0939
SULI	Rp 177,698,000,000	Rp 531,317,000,000	1.9900
TFCO	Rp 3,715,173,399,903	Rp 3,500,799,241,200	-0.0577
YPAS	Rp 439,680,589,423	Rp 421,516,175,465	-0.0413

4. Data of Company's Growth Period 2015

COMPANY'S CODE	NET SALES		COMPANY'S GROWTH
	2014	2015	
ADMG	Rp 5,586,582,530,680	Rp 4,288,500,235,990	-0.2324
ALTO	Rp 332,402,373,397	Rp 301,781,831,914	-0.0921
ARGO	Rp 1,303,951,507,320	Rp 624,417,721,495	-0.5211
BAJA	Rp 1,229,844,640,405	Rp1,251,193,634,272	0.0174
ESTI	Rp 587,355,669,840	Rp 510,145,707,805	-0.1315
GDST	Rp 1,215,611,781,842	Rp 913,792,626,540	-0.2483
HDTX	Rp 1,175,464,356,704	Rp 1,401,541,455,000	0.1923
IKAI	Rp 262,321,356,543	Rp 141,199,773,647	-0.4617
IMAS	Rp 19,458,165,173,088	Rp18,099,979,783,215	-0.0698
JKSW	Rp 86,480,258,025	Rp 143,408,228,411	0.6583
KBRI	Rp 34,719,548,322	Rp 241,207,422,568	5.9473
KRAS	Rp 23,248,431,800,000	Rp18,234,548,285,000	-0.2157
LPIN	Rp 70,155,464,867	Rp 77,790,171,689	0.1088
MAIN	Rp 4,502,078,127,000	Rp 4,775,014,772,000	0.0606
MYTX	Rp 2,129,058,000,000	Rp 1,891,190,000,000	-0.1117
POLY	Rp 6,139,973,741,240	Rp 5,339,406,757,150	-0.1304
RMBA	Rp 14,091,156,000,000	Rp16,814,352,000,000	0.1933
SIPD	Rp 2,505,575,102,503	Rp 2,113,148,210,101	-0.1566
SSTM	Rp 519,854,661,831	Rp 506,180,498,366	-0.0263
SULI	Rp 531,317,000,000	Rp 886,801,435,675	0.6691
TFCO	Rp 3,500,799,241,200	Rp 2,547,188,659,255	-0.2724
YPAS	Rp 421,516,175,465	Rp 277,402,566,627	-0.3419

5. Data of Company's Growth Period 2016

COMPANY'S CODE	NET SALES		COMPANY'S GROWTH
	2015	2016	
ADMG	Rp 4,288,500,235,990	Rp 3,761,471,214,840	-0.1229
ALTO	Rp 301,781,831,914	Rp 296,471,502,365	-0.0176
ARGO	Rp 624,417,721,495	Rp 653,927,862,752	0.0473
BAJA	Rp 1,251,193,634,272	Rp 978,840,639,564	-0.2177
ESTI	Rp 510,145,707,805	Rp 472,471,149,084	-0.0739
GDST	Rp 913,792,626,540	Rp 757,282,528,180	-0.1713
HDTX	Rp 1,401,541,455,000	Rp 1,647,106,585,000	0.1752
IKAI	Rp 141,199,773,647	Rp 83,772,635,083	-0.4067
IMAS	Rp 18,099,979,783,215	Rp15,049,532,331,662	-0.1685
JKSW	Rp 143,408,228,411	Rp 256,234,745,701	0.7868
KBRI	Rp 241,207,422,568	Rp 161,367,353,686	-0.3310
KRAS	Rp 18,234,548,285,000	Rp18,067,590,740,000	-0.0092
LPIN	Rp 77,790,171,689	Rp 141,746,864,032	0.8222
MAIN	Rp 4,775,014,772,000	Rp 5,246,340,041,000	0.0987
MYTX	Rp 1,891,190,000,000	Rp 1,296,753,000,000	-0.3143
POLY	Rp 5,339,406,757,150	Rp 4,779,842,757,840	-0.1048
RMBA	Rp 16,814,352,000,000	Rp19,228,981,000,000	0.1436
SIPD	Rp 2,113,148,210,101	Rp 2,427,199,231,761	0.1486
SSTM	Rp 506,180,498,366	Rp 436,691,203,876	-0.1373
SULI	Rp 886,801,435,675	Rp 990,461,665,744	0.1169
TFCO	Rp 2,547,188,659,255	Rp 2,504,159,087,880	-0.0169
YPAS	Rp 277,402,566,627	Rp 278,331,887,681	0.0034

Appendix 4.Data of Leverage Ratio

1. Data of Leverage Ratio Period 2012

COMPANY'S CODE	LIABILITIES	ASSETS	DAR
ADMG	Rp 2,696,078,049,950	Rp 5,790,766,805,820	46.56%
ALTO	Rp 127,698,070,544	Rp 326,619,954,340	39.10%
ARGO	Rp 1,588,347,551,000	Rp 1,809,813,835,000	87.76%
BAJA	Rp 563,412,684,374	Rp 820,451,474,171	68.67%
ESTI	Rp 424,466,206,870	Rp 778,091,918,070	54.55%
GDST	Rp 371,046,594,375	Rp 1,163,971,056,842	31.88%
HDTX	Rp 726,954,645,506	Rp 1,362,546,557,862	53.35%
IKAI	Rp 258,539,671,311	Rp 507,425,275,145	50.95%
IMAS	Rp 11,869,218,951,856	Rp 17,577,664,024,361	67.52%
JKSW	Rp 677,941,498,373	Rp 278,718,823,565	243.23%
KBRI	Rp 29,296,076,634	Rp 740,753,171,392	3.95%
KRAS	Rp 13,982,442,870,000	Rp 24,774,027,490,000	56.44%
LPIN	Rp 37,413,214,492	Rp 172,268,827,993	21.72%
MAIN	Rp 1,118,011,031,000	Rp 1,799,881,575,000	62.12%
MYTX	Rp 1,864,250,275,649	Rp 1,803,323,308,102	103.38%
POLY	Rp 11,614,551,323,800	Rp 3,899,449,653,970	297.85%
RMBA	Rp 5,011,668,000,000	Rp 6,935,601,000,000	72.26%
SIPD	Rp 2,021,380,807,617	Rp 3,298,123,574,771	61.29%
SSTM	Rp 525,337,311,071	Rp 810,275,583,968	64.83%
SULI	Rp 1,475,195,895,066	Rp 1,428,778,840,556	103.25%
TFCO	Rp 790,931,908,460	Rp 3,708,922,552,950	21.33%
YPAS	Rp 184,848,566,684	Rp 349,428,243,276	52.90%

2. Data of Leverage Ratio Period 2013

COMPANY'S CODE	LIABILITIES	ASSETS	DAR
ADMG	Rp 2,941,429,429,095	Rp 6,834,813,944,037	43.04%
ALTO	Rp 960,189,991,593	Rp 1,502,519,389,759	63.91%
ARGO	Rp 2,018,114,949,000	Rp 2,345,032,586,000	86.06%
BAJA	Rp 668,682,316,817	Rp 842,928,433,004	79.33%
ESTI	Rp 533,303,427,705	Rp 897,739,413,345	59.41%
GDST	Rp 307,084,100,134	Rp 1,191,496,619,152	25.77%
HDTX	Rp 1,658,609,326,640	Rp 2,378,728,273,722	69.73%
IKAI	Rp 276,648,973,235	Rp 482,057,048,870	57.39%
IMAS	Rp 15,655,152,396,933	Rp 22,315,022,507,630	70.16%
JKSW	Rp 670,190,389,365	Rp 262,386,019,471	255.42%
KBRI	Rp 95,512,957,713	Rp 788,749,190,752	12.11%
KRAS	Rp 16,180,300,239,000	Rp 29,003,774,256,000	55.79%
LPIN	Rp 52,980,206,367	Rp 196,390,816,224	26.98%
MAIN	Rp 1,351,915,503,000	Rp 2,214,398,692,000	61.05%
MYTX	Rp 2,199,024,993,140	Rp 2,095,467,423,419	104.94%
POLY	Rp 14,399,989,330,776	Rp 4,308,706,723,356	334.21%
RMBA	Rp 8,350,151,000,000	Rp 9,232,016,000,000	90.45%
SIPD	Rp 1,870,560,118,674	Rp 3,155,680,394,480	59.28%
SSTM	Rp 530,156,259,856	Rp 801,866,397,035	66.12%
SULI	Rp 1,313,137,000,000	Rp 941,141,000,000	139.53%
TFCO	Rp 845,215,452,153	Rp 4,408,730,108,349	19.17%
YPAS	Rp 443,067,408,288	Rp 613,878,797,683	72.18%

3. Data of Leverage Ratio Period 2014

COMPANY'S CODE	LIABILITIES	ASSETS	DAR
ADMG	Rp 2,129,163,161,800	Rp 5,797,867,944,200	36.72%
ALTO	Rp 706,402,717,818	Rp 1,239,053,626,858	57.01%
ARGO	Rp 2,084,108,542,040	Rp 1,814,130,200,880	114.88%
BAJA	Rp 786,309,001,839	Rp 974,632,970,453	80.68%
ESTI	Rp 573,921,738,720	Rp 866,377,567,560	66.24%
GDST	Rp 484,174,854,654	Rp 1,354,622,569,945	35.74%
HDTX	Rp 3,607,059,196,611	Rp 4,221,696,886,907	85.44%
IKAI	Rp 339,889,432,972	Rp 518,546,655,125	65.55%
IMAS	Rp 16,744,375,200,010	Rp 23,471,397,834,920	71.34%
JKSW	Rp 720,387,262,240	Rp 302,951,001,725	237.79%
KBRI	Rp 622,269,749,157	Rp 1,299,315,036,743	47.89%
KRAS	Rp 21,229,544,200,000	Rp 32,324,382,120,000	65.68%
LPIN	Rp 46,315,786,933	Rp 186,595,748,325	24.82%
MAIN	Rp 2,453,334,659,000	Rp 3,531,219,815,000	69.48%
MYTX	Rp 2,310,084,000,000	Rp 2,041,304,000,000	113.17%
POLY	Rp 14,714,196,842,440	Rp 3,420,704,587,320	430.15%
RMBA	Rp 11,647,399,000,000	Rp 10,250,546,000,000	113.63%
SIPD	Rp 1,513,908,338,484	Rp 2,800,914,553,878	54.05%
SSTM	Rp 514,793,507,583	Rp 773,663,346,934	66.54%
SULI	Rp 1,267,088,000,000	Rp 900,611,000,000	140.69%
TFCO	Rp 654,078,965,800	Rp 1,139,153,764,240	57.42%
YPAS	Rp 158,615,180,283	Rp 320,494,592,961	49.49%

4. Data of Leverage Ratio Period 2015

COMPANY'S CODE	LIABILITIES	ASSETS	DAR
ADMG	Rp 2,100,185,797,915	Rp 5,794,041,150,440	36.25%
ALTO	Rp 673,255,888,637	Rp 1,180,228,072,164	57.04%
ARGO	Rp 2,233,386,731,215	Rp 1,796,823,167,150	124.30%
BAJA	Rp 787,055,068,790	Rp 948,682,681,142	82.96%
ESTI	Rp 604,403,038,820	Rp 784,070,774,220	77.09%
GDST	Rp 379,524,183,280	Rp 1,183,934,183,257	32.06%
HDTX	Rp 3,482,406,080,000	Rp 4,878,367,904,000	71.38%
IKAI	Rp 321,009,676,687	Rp 390,042,617,783	82.30%
IMAS	Rp 18,163,865,982,392	Rp 24,860,957,839,497	73.06%
JKSW	Rp 705,813,376,884	Rp 265,280,458,589	266.06%
KBRI	Rp 934,677,601,389	Rp 1,455,931,208,462	64.20%
KRAS	Rp 26,404,181,800,000	Rp 51,071,076,480,000	51.70%
LPIN	Rp 207,564,071,081	Rp 324,054,785,283	64.05%
MAIN	Rp 2,413,482,767,000	Rp 3,962,068,064,000	60.91%
MYTX	Rp 2,512,252,000,000	Rp 1,944,326,000,000	129.21%
POLY	Rp 15,973,257,551,995	Rp 3,207,271,780,620	498.03%
RMBA	Rp 15,816,071,000,000	Rp 12,667,314,000,000	124.86%
SIPD	Rp 1,512,527,888,605	Rp 2,246,770,166,899	67.32%
SSTM	Rp 477,792,694,823	Rp 721,884,167,684	66.19%
SULI	Rp 1,470,888,288,300	Rp 1,172,785,815,190	125.42%
TFCO	Rp 408,939,131,745	Rp 4,345,712,832,675	9.41%
YPAS	Rp 128,790,247,858	Rp 279,189,768,587	46.13%

5. Data of Leverage Ratio Period 2016

COMPANY'S CODE	LIABILITIES	ASSETS	DAR
ADMG	Rp 1,819,086,832,412	Rp 5,117,067,305,592	35.55%
ALTO	Rp 684,252,214,422	Rp 1,165,093,632,823	58.73%
ARGO	Rp 2,326,427,155,876	Rp 1,560,692,613,388	149.06%
BAJA	Rp 879,124,255,950	Rp 982,626,956,424	89.47%
ESTI	Rp 447,173,593,000	Rp 664,186,651,832	67.33%
GDST	Rp 425,486,909,790	Rp 1,257,609,869,910	33.83%
HDTX	Rp 3,565,112,660,000	Rp 4,743,579,758,000	75.16%
IKAI	Rp 326,877,597,451	Rp 265,028,561,223	123.34%
IMAS	Rp 18,923,523,905,726	Rp 24,860,957,839,497	76.12%
JKSW	Rp 714,935,414,562	Rp 273,181,586,009	261.71%
KBRI	Rp 844,568,778,363	Rp 1,263,726,833,318	66.83%
KRAS	Rp 28,175,775,696,000	Rp 52,893,675,868,000	53.27%
LPIN	Rp 426,243,285,867	Rp 477,838,306,256	89.20%
MAIN	Rp 2,082,189,069,000	Rp 3,919,764,494,000	53.12%
MYTX	Rp 2,544,730,000,000	Rp 1,619,757,000,000	157.11%
POLY	Rp 15,702,863,836,172	Rp 3,105,724,896,976	505.61%
RMBA	Rp 4,029,576,000,000	Rp 13,470,943,000,000	29.91%
SIPD	Rp 1,424,380,421,256	Rp 2,567,211,193,259	55.48%
SSTM	Rp 407,944,491,993	Rp 670,963,993,715	60.80%
SULI	Rp 1,437,841,810,372	Rp 1,230,359,322,856	116.86%
TFCO	Rp 412,054,629,944	Rp 4,330,207,098,456	9.52%
YPAS	Rp 138,256,225,581	Rp 280,257,664,992	49.33%

Appendix 5. Data of Cash Flow Ratio

1. Data of Cash Flow Ratio Period 2012

COMPANY'S CODE	OPERATING CASH FLOW	CURRENT LIABILITIES	CF
ADMG	Rp 223,870,392,410	Rp 1,141,087,588,510	19.62%
ALTO	Rp (29,292,223,029)	Rp 95,929,237,540	-30.54%
ARGO	Rp (16,794,286,000)	Rp 498,084,668,000	-3.37%
BAJA	Rp (52,200,340,966)	Rp 554,604,663,049	-9.41%
ESTI	Rp (5,470,202,960)	Rp 424,256,290,510	-1.29%
GDST	Rp 370,214,801,681	Rp 356,946,246,804	103.72%
HDTX	Rp 48,588,918,886	Rp 431,235,462,678	11.27%
IKAI	Rp 4,586,061,337	Rp 243,975,503,389	1.88%
IMAS	Rp (2,876,087,842,113)	Rp 7,963,486,975,807	-36.12%
JKSW	Rp 732,826,434	Rp 16,992,297,161	4.31%
KBRI	Rp (31,490,748,499)	Rp 15,460,305,339	-203.69%
KRAS	Rp 197,732,160,000	Rp 12,033,686,450,000	1.64%
LPIN	Rp 6,624,356,960	Rp 32,995,214,492	20.08%
MAIN	Rp 293,046,848,000	Rp 852,741,232,000	34.37%
MYTX	Rp (39,341,920,355)	Rp 842,155,819,968	-4.67%
POLY	Rp 4,192,536,610,600	Rp 11,300,280,095,100	37.10%
RMBA	Rp (344,108,000,000)	Rp 2,722,398,000,000	-12.64%
SIPD	Rp (142,720,644,791)	Rp 1,435,662,667,304	-9.94%
SSTM	Rp 54,013,300,088	Rp 249,010,900,037	21.69%
SULI	Rp (20,565,999,987)	Rp 1,324,672,722,609	-1.55%
TFCO	Rp 138,470,116,190	Rp 684,581,809,320	20.23%
YPAS	Rp (28,152,127,352)	Rp 126,421,816,118	-22.27%

2. Data of Cash Flow Ratio Period 2013

COMPANY'S CODE	OPERATING CASH FLOW	CURRENT LIABILITIES	CF
ADMG	Rp 470,787,497,196	Rp 1,123,057,381,062	41.92%
ALTO	Rp (134,573,908,546)	Rp 575,436,437,982	-23.39%
ARGO	Rp (237,320,096,000)	Rp 932,372,686,000	-25.45%
BAJA	Rp 108,138,926,072	Rp 664,433,841,210	16.28%
ESTI	Rp 26,614,230,507	Rp 528,764,061,270	5.03%
GDST	Rp 192,924,779,196	Rp 289,689,021,437	66.60%
HDTX	Rp 393,542,745,554	Rp 1,002,119,790,096	39.27%
IKAI	Rp (11,911,956,774)	Rp 129,243,362,968	-9.22%
IMAS	Rp (2,354,544,752,211)	Rp 10,717,554,588,021	-21.97%
JKSW	Rp 89,950,751	Rp 9,385,313,775	0.96%
KBRI	Rp (26,374,624,720)	Rp 55,576,171,175	-47.46%
KRAS	Rp 1,692,747,375,000	Rp 13,872,873,783,000	12.20%
LPIN	Rp (7,926,543,671)	Rp 47,334,458,367	-16.75%
MAIN	Rp 109,333,001,000	Rp 986,471,455,000	11.08%
MYTX	Rp 28,131,237,900	Rp 1,071,645,734,597	2.63%
POLY	Rp 43,008,228,294	Rp 13,795,150,526,988	0.31%
RMBA	Rp (1,119,248,000,000)	Rp 4,695,987,000,000	-23.83%
SIPD	Rp 88,982,040,665	Rp 1,224,772,011,935	7.27%
SSTM	Rp 83,498,266,987	Rp 315,809,046,109	26.44%
SULI	Rp 183,639,000,000	Rp 845,368,000,000	21.72%
TFCO	Rp (57,413,858,889)	Rp 787,079,102,478	-7.29%
YPAS	Rp (14,058,689,866)	Rp 352,973,723,283	-3.98%

3. Data of Cash Flow Ratio Period 2014

COMPANY'S CODE	OPERATING CASH FLOW	CURRENT LIABILITY	CF
ADMG	Rp 253,911,969,200	Rp 836,642,770,480	30.35%
ALTO	Rp (30,575,376,304)	Rp 238,474,789,272	-12.82%
ARGO	Rp 26,591,569,840	Rp 887,784,132,960	3.00%
BAJA	Rp (74,385,983,999)	Rp 780,658,457,243	-9.53%
ESTI	Rp (16,317,274,320)	Rp 573,723,557,080	-2.84%
GDST	Rp 220,244,499,811	Rp 462,845,556,161	47.58%
HDTX	Rp (121,347,343,243)	Rp 510,983,513,757	-23.75%
IKAI	Rp (15,834,747,540)	Rp 207,131,011,654	-7.64%
IMAS	Rp 525,682,412,925	Rp 11,473,255,532,702	4.58%
JKSW	Rp 9,380,945,088	Rp 59,595,673,194	15.74%
KBRI	Rp (51,115,372,756)	Rp 71,285,195,690	-71.71%
KRAS	Rp 28,587,120,000	Rp 17,581,389,800,000	0.16%
LPIN	Rp (19,166,579,997)	Rp 39,239,103,933	-48.85%
MAIN	Rp (301,780,493)	Rp 1,742,383,589,000	-0.02%
MYTX	Rp 39,557,000,000	Rp 1,368,816,000,000	2.89%
POLY	Rp 98,114,491,480	Rp 14,017,966,678,240	0.70%
RMBA	Rp 1,221,283,000,000	Rp 6,012,572,000,000	20.31%
SIPD	Rp (26,515,915,109)	Rp 1,203,289,509,984	-2.20%
SSTM	Rp 39,556,169,947	Rp 332,510,082,788	11.90%
SULI	Rp 34,541,000,000	Rp 386,373,000,000	8.94%
TFCO	Rp 218,418,534,400	Rp 591,708,164,600	36.91%
YPAS	Rp 52,054,364,496	Rp 94,377,062,611	55.16%

4. Data of Cash Flow Ratio Period 2015

COMPANY'S CODE	OPERATING CASH FLOW	CURRENT LIABILITY	CF
ADMG	Rp 316,417,653,170	Rp 815,252,799,090	38.81%
ALTO	Rp (11,384,467,878)	Rp 351,136,317,401	-3.24%
ARGO	Rp (58,072,204,520)	Rp 1,037,097,257,130	-5.60%
BAJA	Rp 27,344,372,141	Rp 777,986,766,746	3.51%
ESTI	Rp (5,500,025,115)	Rp 540,581,340,405	-1.02%
GDST	Rp (39,316,274,672)	Rp 341,082,784,842	-11.53%
HDTX	Rp 64,535,476,000	Rp 831,964,891,000	7.76%
IKAI	Rp (16,480,938,391)	Rp 177,269,594,413	-9.30%
IMAS	Rp 793,372,435,545	Rp 13,035,531,353,729	6.09%
JKSW	Rp 8,409,440,670	Rp 45,808,922,184	18.36%
KBRI	Rp (110,572,481,288)	Rp 392,667,295,535	-28.16%
KRAS	Rp 1,019,753,990,000	Rp 20,101,894,665,000	5.07%
LPIN	Rp 46,282,975,488	Rp 180,556,111,049	25.63%
MAIN	Rp (26,280,191)	Rp 1,520,801,969,000	0.00%
MYTX	Rp 66,225,000,000	Rp 1,429,422,000,000	4.63%
POLY	Rp 39,378,310,325	Rp 15,199,621,495,110	0.26%
RMBA	Rp (2,823,747,000,000)	Rp 3,446,546,000,000	-81.93%
SIPD	Rp (253,673,948,996)	Rp 1,046,536,150,971	-24.24%
SSTM	Rp 29,295,185,872	Rp 331,660,630,809	8.83%
SULI	Rp (6,119,586,155)	Rp 5,149,930,004,230	-0.12%
TFCO	Rp 372,393,693,645	Rp 322,535,004,535	115.46%
YPAS	Rp 33,677,132,098	Rp 85,097,667,841	39.57%

5. Data of Cash Flow Ratio Period 2016

COMPANY'S CODE	OPERATING CASH FLOW	CURRENT LIABLITY	CF
ADMG	Rp 177,568,684,604	Rp 957,368,340,920	18.55%
ALTO	Rp 20,444,874,139	Rp 331,532,658,228	6.17%
ARGO	Rp (229,878,418,476)	Rp 1,194,316,285,464	-19.25%
BAJA	Rp 34,234,428,082	Rp 775,814,969,312	4.41%
ESTI	Rp (19,251,181,416)	Rp 263,176,588,556	-7.31%
GDST	Rp 87,280,999,316	Rp 377,013,051,111	23.15%
HDTX	Rp 404,043,778,000	Rp 773,443,042,000	52.24%
IKAI	Rp 12,666,211,331	Rp 191,371,169,326	6.62%
IMAS	Rp 118,811,023,397	Rp 12,594,693,691,894	0.94%
JKSW	Rp 4,777,645,439	Rp 61,304,422,851	7.79%
KBRI	Rp 89,519,381,901	Rp 444,595,675,025	20.14%
KRAS	Rp 903,100,740,000	Rp 16,452,395,436,000	5.49%
LPIN	Rp (17,348,531,716)	Rp 262,162,231,019	-6.62%
MAIN	Rp 251,605,232	Rp 1,365,050,337,000	0.02%
MYTX	Rp 26,556,000,000	Rp 854,929,000,000	3.11%
POLY	Rp 187,277,699,436	Rp 14,896,465,817,432	1.26%
RMBA	Rp (2,567,883,000,000)	Rp 3,625,665,000,000	-70.83%
SIPD	Rp (5,128,315,318)	Rp 1,075,374,955,578	-0.48%
SSTM	Rp 42,265,424,796	Rp 277,524,504,441	15.23%
SULI	Rp 42,790,556,284	Rp 524,544,006,276	8.16%
TFCO	Rp 328,484,980,628	Rp 356,069,034,884	92.25%
YPAS	Rp (16,763,181,683)	Rp 121,306,029,590	-13.82%

Appendix 6. Data of Debt Default Status

The Companies with Debt Default Status Period 2012-2016:

No	Company's Code	Year	Description
1	ADMG(Polychem Indonesia Tbk)	2012	On December 12, 2012, the Company and The HSBC Trustee (Singapore) Limited as trustee and security trustee signed the restructuring agreements note for the rescheduling of the long-term notes payable. The rescheduled amount of notes payable is as follows: a. Tranche A Notes: the loan principal before restructuring amounted to USD 20,829,320 and accrued interest is USD 3,421,056. The final principal amount after the restructuring is USD 22,539,852. b. Tranche B Notes: the loan principal before restructuring amounted to USD 82,009,000 and accrued interest is USD 7,324,647. The final principal amount after the restructuring is USD 85,671,324.
		2013	Payment for the notes payable in 2013 is USD 36,000,000.
		2014	In 2014, payment for the notes payable is USD 34,318,205.
		2015	In 2015, payment for the notes payable is USD 14,000,000. On November 10, 2015, the Company obtained the approval of the last principal repayment was extended to December 31, 2017.
		2016	In 2016, payment for the notes payable is USD 12,180,000.
2	ARGO(Argo Pantes Tbk)	2012 – 2016	On September 8, 2008, the Company obtained loan from Trevor Global Pte Ltd (Trevor) amounted to Rp 355,000,000 with interest of 3% per annum. This loan was payable within three monthly installments commencing from March 2009 until September 2011. Under the agreement, the Company has not made any payments both for the principal and interest that has been due and this loan felt into default condition. The Company had renegotiated to change the terms and conditions of the loan (debt restructuring). On December 18, 2015 and December 28, 2014, based on the Amendments of Loan Agreements, the Company and Trevor amendment on the convertible loan agreements are as follow: a. Change the previous loan interest rate of 3% per year to 6% per year. b. Waive the interest obligation that has been due and

			provide a grace period without interest payment for one year from the date of the amendment of agreement.
3	ESTI (Ever Shine Textile Industry Tbk)	2015	Restructure the operational ad finance by placing the manufacturer at one location that is in the location of its subsidiary, PS, with the aim of increasing the efficiency in supervising the plant and reduce the transportation costs. In related to this matter, the Company will sell the land and building owned by the Company and proceeds will be used to repay the bank loans.
3	IKAI (Inti Keramik Alam Asri Industri Tbk)	2012 – 2016	The Entity loan due to PT Bank CIMB Niaga Tbk amounting to Rp 48,278,000,000 was restructured based on the Preliminary Agreement on Debt Restructuring of the Company with PT Bank CIMB Niaga Tbk dated February 6, 2001 which have been finalized with Loan Restructuring Agreement covered by notarial deed No. 20 and 21 of Myra Yuwono, S.H., dated January 24, 2002. The entity loan as of December 31, 2012 – 2016 amounted to Rp 12,672,000,000.
4	JKSW(Jakarta Koei Steel Works LTD Tbk)	2012 – 2016	The company and Abasca Financial Limited (AFL), had entered a Memorandum of Understanding (MOU) on December 19, 2005 regarding to restructuring loan to AFL. Based on MOU, AFL recognized receivable from the Company amounted of Rp 262,281,825,092 and USD 2,768,248. On April 8, 2010 had a new agreement between the Financial Abasca Singapore limited company (first), as changes the MOU with the deal points as follows: a. The amount payable to the party's first two refer to the position of the second party of December 31, 2009 is Rp 366,583,894,806 and USD 23,858,122.75. b. The first on the part of both freeing of calculating interest on the debt principal until the date of this agreement. c. Would be Debt to Equity Swap for the debts of the second party to first party the amount will be determined at the time of executive of Debt to Equity Swap them later, which the eliminated to deficit on the balance sheet equity second parties. d. For the purposes of Debt to Equity Swap that both parties agreed to convert debt to the second party as the first in point a above, all the debt in Rupiah currency, with conversion rates on April 8, 0210 with the value of the exchange rate USD 1 Rp 11,380,-, and the debt position of the second party to first party to be to Rp 638,089,331,702,-.

5	KBRI(Kertas Basuki Rachmat Indonesia Tbk)	2012 – 2016	In relation to debt restructuring of KBR with GTA in 2006, it hasbeen agreed that balance of restructured payable amounted toRp 1,971,951,858,618 and has been converted into capitalstock of 440,700 shares with value of Rp 440,700,000,000.
6	MYTX(Hanson International Tbk)	2012	On July 17, 2012, the long-term bank loans with Bank Mandiri were further restructured (2012 Restructuring) with changes as follows: a. Investment Loan Facility b. Long-term Loan with Share Option (KJPOS) c. KMK Switchable Aflopend d. Non Cash Loan Facility e. Changes in Collateral Interest expense on this loan amounted to Rp 48,794,862,802 and payment of loan principal amounted to Rp 77,850,893,145.
		2013	Interest expense on this loan amounted to Rp 52,404,955,802 and payment of loan principal amounted to Rp 72,604,440,000.
		2014	Interest expense on this loan amounted to Rp 57,461,000,000 and payment of loan principal amounted to Rp 89,308,000,000.
		2015	Interest expense on this loan amounted to Rp 58,642,000,000 and payment of loan principal amounted to Rp 36,278,000,000.
		2016	Based on loan restructuring letter sated April 30, 2014, payables to AJL, AJP, and ATS have a term of two (2) years ending May 31, 2017 and bear an annual interest rate of 21%. In 2016, no interest has been paid by the Company in relation to the debts to AJL, AJP, and ATS, in 2016 interest expense amounted to Tp 6,789,588,480.
7	POLY (Asia Pacific Fibers Tbk)	2014 – 2016	The suggested date of Restructuring is April 30, 2014. The Company has entered into a restructuring agreement with the creditors of unsecured debt approved by the creditors and ratified by the Court. Thus, the amount owed to the creditor is not guaranteed after the restructuring amount $23,082,193.
8	SIPD(Sierad Produce Tbk)	2012	During 2009, Capital Atlantic Limited (Plaintiff) proposed to sue the Law Debenture Trust Corporation (Defendant I), the Company (Defendant II) and JP Morgan Chase Bank, N.A Jakarta Branch as another Defendant. This legal action was proposed at the State Court of South Jakarta, it was started when the Defendant I had failed to

			comply with an agreement by not transferring the shares that were supposed to be owned by the Plaintiff which were acquired as Individual Beneficiary transfer of shares ownership, incurred in connection with the loan restructuring of the Company. After the mediation between the plaintiffs with the Company, then on 24 February 2012 the two sides agreed to end the dispute by way of the peace as contained in the Letter of Peace Agreement.
		2013	On 8 December 2010, the Company filed an appeal to the Supreme Court by the District Court of Surabaya and through Surabaya District Court on the decision of the Court of Justice in Surabaya No. 431/PDT.G/2010/PN.SBY between the Company oppose PT Perkebunan Nusantara XI. Based on information obtained from its official website,the Supreme Court was deciding the case a quo that theappeal filed on July 10, 2013, with the ruling grantingthe appeal PT Perkebunan Nusantara XI, but until thecompletion date of the consolidated financialstatements, the Company has not yet received Relaasnotice of the contents of the decision of the SupremeCourt of the Republic of Indonesia.
		2014	On 5 May 2014, Usman Tammu (Plaintiff) filed a lawsuit against the Law acts through Pelaihari District Court, one of the lawsuit against the Company (Defendant I). The lawsuit was registered under Case Number: 07/Pdt.G/ 2011/PN.Plh.
		2015	On 26 January 2015 District Court Judge Pelaihari hasgiven a decision which rejected the Plaintiff's lawsuitentirely. Until the completion date of the consolidatedfinancial statements of this decision also haspermanent legal force because the plaintiff did not fileappeal to the High Court.
9	SSTM(Sunson Textile Manufacturer Tbk)	2012	The Company obtain working capital credit facility from PT Bank Pan Indonesia Tbk. The credit facility had some restructuritation, In year 2012 and 2011, the company obtained a loan restructuring agreement credit asaccording to a letter No. 0442/CIB/EXT/12 dated March 30, 2012 and No. 086/CIB-PK/VIII/10 dated August 31, 2010. As of December 31, 2012 and 2011 the outstanding balances amounted to Rp 40,000,000,000 and liabilities balance amounted with limit of US$ 1,000,000 equivalent with Rp 9,068,000,000 had been paid by the year of 2012.
		2013	The outstanding principal of the term loan facility amounted to Rp140,209,542,959 as of December 31, 2013 and US$.10,863,000 orequivalent with Rp

			105,045,210,000.
		2014	Theoutstandingprincipalofthetermloanfacilityamountedto Rp126,370,801,323asofDecember31,2014.
		2015	The outstanding principal of the term loan facility amountedto Rp 111,072,521,438 as of December 31, 2015.
		2016	In year 2016, in accordance with the letterNo.TOP.CRO/CLA.115/ADD/2016 on March 17th 2016 fromBank Mandiri concerning addendum No. X about credit facilityfor working capital Pre Export Finance No. BCO/125/PKKMK/PEF/2006 by limit of credit USD 2,200,000.
10	SULI(Sumalindo Lestari Jaya Tbk)	2012	Based on Shareholders' Extraordinary GeneralMeeting dated December 18, 2012, the minutes ofwhich were notarized under Notarial Deed No. 11of Rismalena Kasri, S.H. with the same date, theShareholders' agreed the Company's debtrestructuring in PT Bank CIMB Niaga Tbkamounting approximately to US$22,547,218. Thesaid loan will be restructured with two (2)schemes are as follows: a. Tranche A approximately US$6,547,218 will berescheduled for maximum seven (7) yearswith grace period one (1) year. b. Tranche B approximately US$16,000,000 asconvertible loan with conversion option to theCompany's shares with maximum conversionoption term for three (3) years (put option) withIRR (Internal Rate of Return) of 9%. Theconversion execution will be used marketvalue on conversion date. On Tranche B loan,the Company has right to pay debt earlierpartially or lump sum during facility term (calloption) with IRR of 9%.
		2013	On June 25, 2013, both working capital loan facilities were restructured and included as part of a special transaction loan facility which was presented as long-term bank loans in the consolidated statement of financial position as of December 31, 2013.
		2014	On November 25, 2014, the Company issued a promissory note to Atrium Asia Capital Partners Pte. Ltd., a third party, amounted to US$ 1,000,000 with interest rate of 15% per annum. The promissory note will mature on November 25, 2015, of which the redemption, partly or entirely, may be

			made after 3 (three) months after the issuance date. Proceed from the issuance of promissory note was used to made the initial payment for bank loans restructuring.
		2015	As of December 31, 2015, outstanding balance of Tranche A amounted to US$ 12,415,165 and outstanding balance of Tranche B amounted to US$ 29,130,000.
		2016	As of December 31, 2016, outstanding balance of Tranche A amounted to US$ 11,892,915 and outstanding balance of Tranche B amounted to US$ 29,130,000.

Appendix 7. Data of Company's Financial Period 2012

NO	COMPANY'S CODE	GCAO	FG	DAR	CF	DEF
1	ADMG	0	-0.0588	46.56%	19.62%	1
2	ALTO	0	0.8041	39.10%	-30.54%	0
3	ARGO	1	0.1806	87.76%	-3.37%	1
4	BAJA	0	0.1894	68.67%	-9.41%	0
5	ESTI	0	-0.0104	54.55%	-1.29%	0
6	GDST	0	-0.2129	31.88%	103.72%	0
7	HDTX	0	-0.1531	53.35%	11.27%	0
8	IKAI	1	-0.0463	50.95%	1.88%	1
9	IMAS	0	0.2447	67.52%	-36.12%	0
10	JKSW	1	-0.3934	243.23%	4.31%	1
11	KBRI	1	0.7616	3.95%	-203.69%	1
12	KRAS	0	0.1999	56.44%	1.64%	0
13	LPIN	0	0.0918	21.72%	20.08%	0
14	MAIN	0	0.2714	62.12%	34.37%	0
15	MYTX	1	-0.2238	103.38%	-4.67%	1
16	POLY	1	0.0056	297.85%	37.10%	0
17	RMBA	0	-0.0219	72.26%	-12.64%	0
18	SIPD	0	0.0807	61.29%	-9.94%	1
19	SSTM	1	0.3752	64.83%	21.69%	1
20	SULI	1	-0.2575	103.25%	-1.55%	1
21	TFCO	0	-0.0461	21.33%	20.23%	0
22	YPAS	0	0.1093	52.90%	-22.27%	0

Appendix 8. Data of Company's Financial Period 2013

NO	COMPANY'S CODE	GCAO	FG	DAR	CF	DEF
1	ADMG	0	0.3056	43.04%	41.92%	1
2	ALTO	0	1.0849	63.91%	-23.39%	0
3	ARGO	1	0.5456	86.06%	-25.45%	1
4	BAJA	0	-0.0175	79.33%	16.28%	0
5	ESTI	0	-0.1766	59.41%	5.03%	0
6	GDST	0	-0.1443	25.77%	66.60%	0
7	HDTX	0	0.2278	69.73%	39.27%	0
8	IKAI	1	0.0513	57.39%	-9.22%	1
9	IMAS	0	0.0159	70.16%	-21.97%	0
10	JKSW	1	0.0639	255.42%	0.96%	1
11	KBRI	1	-0.7341	12.11%	-47.46%	1
12	KRAS	0	0.1486	55.79%	12.20%	0
13	LPIN	0	0.1236	26.98%	-16.75%	0
14	MAIN	0	0.2518	61.05%	11.08%	0
15	MYTX	1	0.2510	104.94%	2.63%	1
16	POLY	1	0.1886	334.21%	0.31%	0
17	RMBA	0	0.2461	90.45%	-23.83%	0
18	SIPD	0	-0.1149	59.28%	7.27%	1
19	SSTM	1	0.0348	66.12%	26.44%	1
20	SULI	1	-0.4136	139.53%	21.72%	1
21	TFCO	0	0.0686	19.17%	-7.29%	0
22	YPAS	0	0.0625	72.18%	-3.98%	0

Appendix 9. Data of Company's Financial Period 2014

NO	COMPANY'S CODE	GCAO	FG	DAR	CF	DEF
1	ADMG	0	-0.0930	36.72%	30.35%	1
2	ALTO	0	-0.3177	57.01%	-12.82%	0
3	ARGO	1	-0.1576	114.88%	3.00%	1
4	BAJA	0	0.1689	80.68%	-9.53%	0
5	ESTI	0	-0.0220	66.24%	-2.84%	0
6	GDST	0	-0.1379	35.74%	47.58%	0
7	HDTX	1	0.1117	85.44%	-23.75%	0
8	IKAI	1	0.2402	65.55%	-7.64%	1
9	IMAS	0	-0.0317	71.34%	4.58%	0
10	JPRS	0	0.5982	4.13%	-328.06%	0
11	KBRI	0	1.9253	47.89%	-71.71%	1
12	KRAS	0	-0.0850	65.68%	0.16%	0
13	LPIN	0	-0.0916	24.82%	-48.85%	0
14	MAIN	0	0.0737	69.48%	-0.02%	0
15	MYTX	1	0.1204	113.17%	2.89%	1
16	POLY	1	-0.1087	430.15%	0.70%	1
17	RMBA	0	0.1481	113.63%	20.31%	0
18	SIPD	0	-0.3499	54.05%	-2.20%	1
19	SSTM	1	-0.0939	66.54%	11.90%	1
20	SULI	1	1.9900	140.69%	8.94%	1
21	TFCO	0	-0.0577	57.42%	36.91%	0
22	YPAS	0	-0.0413	49.49%	55.16%	0

Appendix 10. Data of Company's Financial Period 2015

NO	COMPANY'S CODE	GCAO	FG	DAR	CF	DEF
1	ADMG	0	-0.2324	36.25%	38.81%	1
2	ALTO	0	-0.0921	57.04%	-3.24%	0
3	ARGO	1	-0.5211	124.30%	-5.60%	1
4	BAJA	0	0.0174	82.96%	3.51%	0
5	ESTI	1	-0.1315	77.09%	-1.02%	1
6	GDST	0	-0.2483	32.06%	-11.53%	0
7	HDTX	1	0.1923	71.38%	7.76%	0
8	IKAI	0	-0.4617	82.30%	-9.30%	1
9	IMAS	0	-0.0698	73.06%	6.09%	0
10	JKSW	1	0.6583	266.06%	18.36%	1
11	KBRI	1	5.9473	64.20%	-28.16%	1
12	KRAS	0	-0.2157	51.70%	5.07%	0
13	LPIN	0	0.1088	64.05%	25.63%	0
14	MAIN	0	0.0606	60.91%	0.00%	0
15	MYTX	1	-0.1117	129.21%	4.63%	1
16	POLY	1	-0.1304	498.03%	0.26%	1
17	RMBA	0	0.1933	124.86%	-81.93%	0
18	SIPD	0	-0.1566	67.32%	-24.24%	1
19	SSTM	1	-0.0263	66.19%	8.83%	1
20	SULI	1	0.6691	125.42%	-0.12%	1
21	TFCO	0	-0.2724	9.41%	115.46%	0
22	YPAS	0	-0.3419	46.13%	39.57%	0

Appendix 11.Data of Company's Financial Period 2016

NO	COMPANY'S CODE	GCAO	FG	DAR	CF	DEF
1	ADMG	0	-0.1229	35.55%	18.55%	1
2	ALTO	0	-0.0176	58.73%	6.17%	0
3	ARGO	1	0.0473	149.06%	-19.25%	1
4	BAJA	0	-0.2177	89.47%	4.41%	0
5	ESTI	0	-0.0739	67.33%	-7.31%	0
6	GDST	0	-0.1713	33.83%	23.15%	0
7	HDTX	1	0.1752	75.16%	52.24%	0
8	IKAI	1	-0.4067	123.34%	6.62%	1
9	IMAS	0	-0.1685	76.12%	0.94%	0
10	JKSW	1	0.7868	261.71%	7.79%	1
11	KBRI	1	-0.3310	66.83%	20.14%	1
12	KRAS	0	-0.0092	53.27%	5.49%	0
13	LPIN	0	0.8222	89.20%	-6.62%	0
14	MAIN	0	0.0987	53.12%	0.02%	0
15	MYTX	1	-0.3143	157.11%	3.11%	1
16	POLY	1	-0.1048	505.61%	1.26%	1
17	RMBA	0	0.1436	29.91%	-70.83%	0
18	SIPD	0	0.1486	55.48%	-0.48%	0
19	SSTM	1	-0.1373	60.80%	15.23%	1
20	SULI	1	0.1169	116.86%	8.16%	1
21	TFCO	0	-0.0169	9.52%	92.25%	0
22	YPAS	0	0.0034	49.33%	-13.82%	0

Appendix 12. The Result of Descriptive Statistic

1. Going Concern

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
GCAO	110	0	1	.38	.488
Valid N (listwise)	110				

Going Concern Distribution

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	NGCAO	68	61.8	61.8	61.8
	GCAO	42	38.2	38.2	100.0
	Total	87	100.0	100.0	

2. Company's Growth

Descriptive Statistics All

	N	Minimum	Maximum	Mean	Std. Deviation
FG	110	-.7341	5.9473	.110716	.6815162
Valid N (listwise)	110				

Descriptive Statistics Going Concern

	N	Minimum	Maximum	Mean	Std. Deviation
FG	42	-.7341	5.9473	.209820	1.0128695
Valid N (listwise)	42				

Descriptive Statistics Non Going Concern

	N	Minimum	Maximum	Mean	Std. Deviation
FG	68	-.4617	1.9253	.049503	.3433221
Valid N (listwise)	68				

3. Leverage Ratio

Descriptive Statistics All

	N	Minimum	Maximum	Mean	Std. Deviation
DAR	110	.0395	5.0561	.911690	.8795555
Valid N (listwise)	110				

Descriptive Statistics Going Concern

	N	Minimum	Maximum	Mean	Std. Deviation
DAR	42	.0395	5.0561	1.477035	1.2030886
Valid N (listwise)	42				

Descriptive Statistics Non Going Concern

	N	Minimum	Maximum	Mean	Std. Deviation
DAR	68	.0941	1.2486	.562500	.2207593
Valid N (listwise)	68				

4. Cash Flow Ratio

Descriptive Statistics All

	N	Minimum	Maximum	Mean	Std. Deviation
CF	110	-2.0369	1.1546	.026099	.3520250
Valid N (listwise)	110				

Descriptive Statistics Going Concern

	N	Minimum	Maximum	Mean	Std. Deviation
CF	42	-2.0369	.5224	-.015801	.3622525
Valid N (listwise)	42				

Descriptive Statistics Non Going Concern

	N	Minimum	Maximum	Mean	Std. Deviation
CF	68	-.8193	1.1546	.051980	.3457077
Valid N (listwise)	68				

5. Debt Default

Descriptive Statistics All

	N	Minimum	Maximum	Mean	Std. Deviation
DEF	110	0	1	.44	.498
Valid N (listwise)	110				

Descriptive Statistics Going Concern

	N	Minimum	Maximum	Mean	Std. Deviation
DEF	42	0	1	.88	.328
Valid N (listwise)	42				

Descriptive Statistics Non Going Concern

	N	Minimum	Maximum	Mean	Std. Deviation
DEF	68	0	1	.16	.371
Valid N (listwise)	68				

Debt Default Distribution

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	NODEF	62	56.4	56.4	56.4
	DEF	48	43.6	43.6	100.0
	Total	110	100.0	100.0	

Appendix 13. The Result of Multicollinearity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-.037	.048		-.786	.434		
	FG	.042	.046	.059	.914	.363	.940	1.063
	DAR	.176	.037	.317	4.786	.000	.894	1.119
	CF	-.015	.090	-.011	-.172	.863	.936	1.068
	DEF	.584	.065	.596	8.912	.000	.877	1.140

a. Dependent Variable: GCAO

Appendix 14. The Result of Logistic Regression Test

Case Processing Summary

Unweighted Cases[a]		N	Percent
Selected Cases	Included in Analysis	110	100.0
	Missing Cases	0	.0
	Total	110	100.0
Unselected Cases		0	.0
Total		110	100.0

a. If weight is in effect, see classification table for the total number of cases.

Dependent Variable Encoding

Original Value	Internal Value
NGCAO	0
GCAO	1

THE REGRESSION MODEL FEASIBILITY

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	7.263	8	.509

OVERALL MODEL FIT 1

Iteration History[a,b,c]

Iteration		-2 Log likelihood	Coefficients Constant
Step 0	1	146.291	-.473
	2	146.288	-.482
	3	146.288	-.482

a. Constant is included in the model.

b. Initial -2 Log Likelihood: 146.288

c. Estimation terminated at iteration number 3 because parameter estimates changed by less than .001.

OVERALL MODEL FIT 2

Iteration History[a,b,c,d]

Iteration		-2 Log likelihood	Coefficients				
			Constant	FG	DAR	CF	DEF
Step 1	1	76.478	-2.150	.169	.703	-.062	2.335
	2	62.775	-3.518	.209	1.684	-.320	3.060
	3	58.267	-4.656	.200	2.709	-.620	3.552
	4	56.982	-5.466	.192	3.673	-.754	3.763
	5	56.854	-5.797	.188	4.090	-.786	3.856
	6	56.853	-5.830	.188	4.129	-.790	3.869
	7	56.853	-5.831	.188	4.130	-.790	3.869

a. Method: Enter

b. Constant is included in the model.

c. Initial -2 Log Likelihood: 146.288

d. Estimation terminated at iteration number 7 because parameter estimates changed by less than .001.

THE COEFFICIENT OF DETERMINATION

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	56.853[a]	.556	.757

a. Estimation terminated at iteration number 7 because parameter estimates changed by less than .001.

CLASSIFICATION TABLE

Classification Table[a]

			Predicted		
			GCAO		Percentage Correct
	Observed		NGCAO	GCAO	
Step 1	GCAO	NGCAO	61	7	89.7
		GCAO	5	37	88.1
	Overall Percentage				89.1

a. The cut value is .500

LOGISTIC REGRESSION TEST

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	FG	.188	.465	.163	1	.687	1.206
	DAR	4.130	1.329	9.662	1	.002	62.163
	CF	-.790	.836	.892	1	.345	.454
	DEF	3.869	.785	24.272	1	.000	47.878
	Constant	-5.831	1.229	22.500	1	.000	.003

a. Variable(s) entered on step 1: FG, DAR, CF, DEF.

LOGISTIC REGRESSION OF SIMULTANEOUSLY

Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	89.435	4	.000
	Block	89.435	4	.000
	Model	89.435	4	.000